

CAPE AGULHAS LOCAL MUNICIPALITY



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ANNUAL FINANCIAL STATEMENTS

30 JUNE 2017

CAPE AGULHAS LOCAL MUNICIPALITY

INDEX

| <u>Content</u> | <u>Page</u> |
|-----------------------------------------------------------------------|--------------------|
| General Information | 1 - 2 |
| Report of the Auditor General | |
| Approval of the Financial Statements | 3 |
| Statement of Financial Position | 4 |
| Statement of Financial Performance | 5 |
| Statement of Changes In Net Assets | 6 |
| Cash Flow Statement | 7 |
| Statement of comparison of budget and actual amounts | |
| - Statement of Financial Position | 8 - 9 |
| - Statement of Financial Performance | 10 - 11 |
| - Cash Flow Statement | 12 - 13 |
| Accounting Policies | 14 - 45 |
| Notes to the Financial Statements | 46 - 118 |
| APPENDICES - Unaudited | |
| A Schedule of External Loans | 119 - 120 |
| B Analysis of Property Plant and Equipment | 121 - 124 |
| C Segmental Statement of Financial Performance - Municipal Votes | 125 |
| D Actual versus Budget - Capital and Operating Expenditure (Votes) | 126 |
| E Disclosure of Grants and Subsidies | 127 |
| F National Treasury Appropriation Statements | |
| - Revenue and Expenditure (Standard Classification) | 128 - 129 |
| - Revenue and Expenditure (Municipal Vote Classification) | 130 |
| - Revenue and Expenditure (Revenue by Source and Expenditure by Type) | 131 - 132 |
| - Capital Expenditure by Vote, Standard Classification and Funding | 133 - 135 |
| - Cash Flows | 136 - 137 |

CAPE AGULHAS LOCAL MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

Cape Agulhas Local Municipality performs the functions as set out in the Constitution. (Act no 105 of 1996)

LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Cape Agulhas Local Municipality includes the following areas:

| | | |
|------------|--------------|----------|
| Bredasdorp | L'Agulhas | Protem |
| Napier | Arniston | Klipdale |
| Struisbaai | Suiderstrand | |

MEMBERS OF THE COUNCIL

| Position | Councillor | Ward | Additional Portfolio |
|------------------------|----------------|--------------|---------------------------------------|
| Executive Mayor | PJ Swart | Ward 5 | |
| Executive Deputy Mayor | Z Tonisi | Proportional | |
| Speaker | J G A Niewoudt | Ward 4 | |
| Councillor - Full time | G D Burger | Proportional | Member of Executive Mayoral Committee |
| Councillor - Full time | M October | Ward 2 | Member of Executive Mayoral Committee |
| Councillor - Part time | D Jantjies | Proportional | |
| Councillor - Part time | E C Marthinus | Proportional | |
| Councillor - Part time | E Sauls | Ward 1 | |
| Councillor - Part time | C J Jacobs | Proportional | Chairperson of MPAC |
| Councillor - Part time | R J Baker | Ward 3 | |
| Councillor - Part time | D J Europa | Ward 6 | |

MUNICIPAL MANAGER

Mr D O'Neill

CHIEF FINANCIAL OFFICER

Mr H Van Biljon

REGISTERED OFFICE

1 Dirkie Uys Street, Bredasdorp, 7280

POSTAL ADDRESS

PO Box 51, Bredasdorp, 7280

CAPE AGULHAS LOCAL MUNICIPALITY

GENERAL INFORMATION

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

ABSA, Bredasdorp

ATTORNEYS

Luttig, Badenhorst & Fourie Attorneys

Kruger & Blignaut Attorneys

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)

Division of Revenue Act

The Income Tax Act

Value Added Tax Act

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no 32 of 2000)

Municipal Planning and Performance Management Regulations

Water Services Act (Act no 108 of 1997)

Housing Act (Act no 107 of 1997)

Municipal Property Rates Act (Act no 6 of 2004)

Electricity Act (Act no 41 of 1987)

Skills Development Levies Act (Act no 9 of 1999)

Employment Equity Act (Act no 55 of 1998)

Unemployment Insurance Act (Act no 30 of 1966)

Basic Conditions of Employment Act (Act no 75 of 1997)

Supply Chain Management Regulations, 2005

Collective Agreements

Infrastructure Grants

SALBC Leave Regulations

Municipal Budget and Reporting Regulations

mSCOA Regulations

CAPE AGULHAS LOCAL MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

APPROVAL OF ACCOUNTING OFFICER

I am responsible for the preparation of these annual financial statements year ended 30 June 2017, which are set out on pages 1 to 137 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2018 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Mr D O'Neill
Municipal Manager

Date

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

| | Notes | 2017 R (Actual) | 2016 R (Restated) |
|--------------------------------------------|-------|-----------------------|-------------------------|
| ASSETS | | | |
| Current Assets | | 62 317 492 | 44 523 957 |
| Cash and Cash Equivalents | 2 | 24 361 469 | 14 383 798 |
| Receivables from Exchange Transactions | 3 | 22 145 598 | 23 789 192 |
| Receivables from Non-exchange Transactions | 4 | 14 312 085 | 4 736 431 |
| Operating Lease Asset | 5.1 | 140 757 | 108 964 |
| Current Portion of Long-term Receivables | 6 | 31 117 | 27 208 |
| Inventory | 7 | 1 326 467 | 1 478 364 |
| Non-current Assets | | 415 891 139 | 403 366 580 |
| Long-Term Receivables | 6 | 196 035 | 227 042 |
| Investment Property | 8 | 40 870 029 | 40 886 559 |
| Property, Plant And Equipment | 9 | 323 664 539 | 312 686 226 |
| Intangible Assets | 10 | 3 572 415 | 890 502 |
| Capitalised Restoration Cost (PPE) | 11 | 47 588 121 | 48 676 251 |
| Total Assets | | 478 208 632 | 447 890 537 |
| Current Liabilities | | 48 898 969 | 26 207 261 |
| Current Portion of Long-Term Liabilities | 13 | 684 389 | 869 577 |
| Consumer Deposits | 16 | 4 290 749 | 4 008 082 |
| Payables from Exchange Transactions | 17 | 31 479 859 | 9 597 946 |
| Unspent Conditional Government Grants | 18 | 1 570 000 | 278 750 |
| Unspent Public Contributions | 19 | 37 262 | 87 943 |
| Taxes | 20 | 41 734 | 1 330 413 |
| Operating Lease Liability | 5.2 | 11 812 | 26 410 |
| Current Employee Benefits | 21 | 10 783 164 | 10 008 140 |
| Non-current Liabilities | | 119 251 771 | 114 348 760 |
| Long-Term Liabilities | 13 | 2 011 854 | 2 503 641 |
| Employee Benefits | 22 | 50 942 453 | 49 624 458 |
| Non-Current Provisions | 23 | 66 297 464 | 62 220 661 |
| Total Liabilities | | 168 150 740 | 140 556 020 |
| Net Assets | | 310 057 891 | 307 334 516 |
| Community Wealth | | | |
| Accumulated Surplus | 24 | 290 057 891 | 293 834 516 |
| Capital Replacement Reserve | 24 | 20 000 000 | 13 500 000 |
| Total Community Wealth | | 310 057 891 | 307 334 516 |

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2017

| REVENUE | Notes | 2017 R (Actual) | 2016 R (Restated) |
|------------------------------------------------|-------|-----------------------|-------------------------|
| REVENUE FROM NON-EXCHANGE TRANSACTIONS | | 112 042 299 | 101 589 307 |
| Taxation Revenue | | 54 801 761 | 49 930 979 |
| Property Rates | 25 | 54 801 761 | 49 930 979 |
| Transfer Revenue | | 45 470 659 | 44 222 044 |
| Government Grants and Subsidies - Capital | 26 | 10 815 689 | 12 898 517 |
| Government Grants and Subsidies - Operating | 26 | 33 735 113 | 30 085 805 |
| Public Contributions and Donations - Capital | 27 | 164 509 | 733 132 |
| Public Contributions and Donations - Operating | 27 | 35 282 | 118 700 |
| Contributed Assets | | 720 066 | 385 890 |
| Other Revenue | | 11 769 879 | 7 436 284 |
| Fines | 28 | 6 418 487 | 7 307 749 |
| Actuarial Gains | 29 | 5 189 508 | - |
| Third Party - Insurance Receipts | | 161 884 | 125 000 |
| Reversal of Impairments | 11 | - | 3 535 |
| REVENUE FROM EXCHANGE TRANSACTIONS | | 158 385 160 | 144 464 896 |
| Operating Activities | | 158 385 160 | 144 464 896 |
| Service Charges | 30 | 139 116 532 | 125 268 151 |
| Rental of Facilities and Equipment | 31 | 7 786 767 | 6 440 756 |
| Interest Earned - External Investments | | 2 130 979 | 1 906 965 |
| Interest Earned - Outstanding Debtors | 32 | 1 563 532 | 1 168 653 |
| Licences and Permits | | 1 109 013 | 1 018 906 |
| Agency Services | | 1 614 960 | 1 520 406 |
| Other Income | 33 | 5 051 376 | 3 509 474 |
| Gains on Disposal of Properties | | 12 000 | 3 631 584 |
| TOTAL REVENUE | | 270 427 460 | 246 054 203 |
| EXPENDITURE | | | |
| Employee Related Costs | 34 | 107 931 799 | 98 825 565 |
| Remuneration of Councillors | 35 | 4 743 451 | 3 624 961 |
| Debt Impairment | 36 | 10 595 841 | 8 221 894 |
| Depreciation and Amortisation | 37 | 11 019 554 | 10 723 661 |
| Actuarial Losses | 39 | - | 2 221 374 |
| Finance Charges | 40 | 9 307 095 | 7 635 572 |
| Bulk Purchases | 41 | 73 081 748 | 66 953 199 |
| Contracted Services | 42 | 13 025 589 | 9 352 610 |
| Transfers and Grants | 43 | 1 464 986 | 1 491 350 |
| Other Expenditure | 44 | 35 845 228 | 32 545 046 |
| Loss on Disposal of PPE | | 688 792 | 348 983 |
| TOTAL EXPENDITURE | | 267 704 084 | 241 944 215 |
| NET SURPLUS FOR THE YEAR | | 2 723 376 | 4 109 988 |

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2017

| | CAPITAL REPLACEMENT RESERVE R | ACCUMULATED SURPLUS R | TOTAL R |
|------------------------------------------------------|----------------------------------------|-----------------------------|--------------------|
| Balance on 30 June 2015 - Previously Reported | 17 750 000 | 288 708 707 | 306 458 706 |
| Prior Period Adjustment - Refer to note 45.1 | - | (3 234 179) | (3 234 179) |
| Balance on 30 June 2015 - Restated | 17 750 000 | 285 474 528 | 303 224 527 |
| Net Surplus for the Year | - | 4 109 988 | 4 109 988 |
| Transfers to Reserves | 446 261 | (446 261) | - |
| Property, Plant and Equipment Purchased | (4 696 261) | 4 696 261 | - |
| Balance on 30 June 2016 - Restated | 13 500 000 | 293 834 516 | 307 334 516 |
| Net Surplus for the Year | - | 2 723 376 | 2 723 376 |
| Transfers to Reserves | 16 459 334 | (16 459 334) | - |
| Property, Plant and Equipment Purchased | (9 959 334) | 9 959 334 | - |
| Balance on 30 June 2017 | 20 000 000 | 290 057 891 | 310 057 891 |

CAPE AGULHAS LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2017

| | Notes | 2017 R (Actual) | 2016 R (Restated) |
|--------------------------------------------------------|-----------|-----------------------|-------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts | | | |
| Property Rates | | 52 601 208 | 48 573 465 |
| Service Charges | | 134 653 593 | 120 075 610 |
| Other Revenue | | 10 807 776 | 2 971 078 |
| Government - Operating | | 33 905 429 | 36 734 956 |
| Government - Capital | | 11 515 689 | 13 024 692 |
| Interest | | 3 694 511 | 3 075 618 |
| Payments | | | |
| Suppliers and Employees | | (211 524 114) | (213 199 157) |
| Finance Charges | | (353 392) | (140 796) |
| Transfers and Grants | | (1 464 986) | (1 491 350) |
| NET CASH FROM OPERATING ACTIVITIES | 47 | 33 835 715 | 9 624 114 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Receipts | | | |
| Proceeds on Disposal of Assets | | 20 000 | 4 623 333 |
| Decrease in Long-Term Receivables | | 27 098 | 28 751 |
| Payments | | | |
| Purchase of Property, Plant and Equipment | | (20 509 838) | (20 706 300) |
| Purchase of Intangible Assets | | (3 000 995) | (50 000) |
| NET CASH USED INVESTING ACTIVITIES | | (23 463 736) | (16 104 215) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Receipts | | | |
| New loans raised | | 220 035 | 2 428 390 |
| Increase in Consumer Deposits | | 282 667 | 163 236 |
| Payments | | | |
| Loans Repaid | | (897 009) | (561 819) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | (394 307) | 2 029 807 |
| NET INCREASE/(DECREASE) IN CASH HELD | | 9 977 671 | (4 450 295) |
| Cash and Cash Equivalents at the beginning of the year | | 14 383 798 | 18 834 093 |
| Cash and Cash Equivalents at the end of the year | | 24 361 469 | 14 383 798 |
| NET INCREASE/(DECREASE) IN CASH HELD | | 9 977 671 | (4 450 295) |

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

| | 2017 R (Actual) | 2017 R (Final Budget) | 2017 R (Variance) |
|------------------------------------------|-----------------------|-----------------------------|-------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash | 24 361 469 | 24 680 479 | (319 010) |
| Consumer Debtors | 25 821 075 | 19 922 209 | 5 898 866 |
| Other Receivables | 10 777 365 | 6 199 149 | 4 578 216 |
| Current portion of Long-Term Receivables | 31 117 | 27 208 | 3 909 |
| Inventory | 1 326 467 | 1 350 000 | (23 533) |
| Total Current Assets | 62 317 492 | 52 179 044 | 10 138 448 |
| Non Current Assets | | | |
| Long-Term Receivables | 196 035 | 199 834 | (3 799) |
| Investment Property | 40 870 029 | 40 239 029 | 631 000 |
| Property, Plant and Equipment | 323 664 539 | 330 367 811 | (6 703 272) |
| Intangible Assets | 3 572 415 | 3 144 261 | 428 154 |
| Capitalised Restoration Cost | 47 588 121 | 46 022 690 | 1 565 431 |
| Total Non-Current Assets | 415 891 139 | 419 973 625 | (4 082 486) |
| TOTAL ASSETS | 478 208 632 | 472 152 670 | 6 055 962 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Borrowing | 684 389 | 1 484 323 | (799 934) |
| Consumer Deposits | 4 290 749 | 4 188 446 | 102 303 |
| Trade and Other Payables | 33 140 667 | 21 473 861 | 11 666 806 |
| Provisions and Employee Benefits | 10 783 164 | 14 816 319 | (4 033 155) |
| Total Current Liabilities | 48 898 970 | 41 962 949 | 6 936 020 |
| Non-Current Liabilities | | | |
| Borrowing | 2 011 854 | 4 273 587 | (2 261 732) |
| Provisions and Employee Benefits | 117 239 917 | 113 138 939 | 4 100 978 |
| Total Non-Current Liabilities | 119 251 771 | 117 412 526 | 1 839 245 |
| TOTAL LIABILITIES | 168 150 741 | 159 375 475 | 8 775 265 |
| NET ASSETS | 310 057 891 | 312 777 195 | (2 719 304) |
| COMMUNITY WEALTH | | | |
| Accumulated Surplus | 290 057 891 | 292 777 195 | (2 719 304) |
| Reserves | 20 000 000 | 20 000 000 | - |
| TOTAL COMMUNITY WEALTH/EQUITY | 310 057 891 | 312 777 195 | (2 719 304) |

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

ADJUSTMENTS TO APPROVED BUDGET

| | 2017 R (Approved Budget) | 2017 R (Adjustments) | 2017 R (Final Budget) |
|------------------------------------------|--------------------------------|----------------------------|-----------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash | 10 098 032 | 14 582 447 | 24 680 479 |
| Consumer Debtors | 22 622 544 | (2 700 335) | 19 922 209 |
| Other Receivables | 6 700 280 | (501 131) | 6 199 149 |
| Current portion of Long-Term Receivables | 4 439 | 22 768 | 27 208 |
| Inventory | 1 485 089 | (135 089) | 1 350 000 |
| Total Current Assets | 40 910 384 | 11 268 660 | 52 179 044 |
| Non-Current Assets | | | |
| Long-Term Receivables | 269 682 | (69 848) | 199 834 |
| Investment Property | 40 688 696 | (449 667) | 40 239 029 |
| Property, Plant And Equipment | 332 165 584 | (1 797 773) | 330 367 811 |
| Intangible Assets | 1 043 326 | 2 100 935 | 3 144 261 |
| Capitalised Restoration Cost | 46 424 978 | (402 288) | 46 022 690 |
| Total Non Current Assets | 420 592 266 | (618 641) | 419 973 625 |
| TOTAL ASSETS | 461 502 651 | 10 650 019 | 472 152 670 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Borrowing | 654 000 | 830 323 | 1 484 323 |
| Consumer Deposits | 4 401 580 | (213 134) | 4 188 446 |
| Trade and Other Payables | 13 972 573 | 7 501 288 | 21 473 861 |
| Provisions and Employee Benefits | 13 726 880 | 1 089 439 | 14 816 319 |
| Total Current Liabilities | 32 755 033 | 9 207 916 | 41 962 949 |
| Non Current Liabilities | | | |
| Borrowing | 5 857 055 | (1 583 468) | 4 273 587 |
| Provisions and Employee Benefits | 115 144 585 | (2 005 646) | 113 138 939 |
| Total Non-Current Liabilities | 121 001 639 | (3 589 114) | 117 412 526 |
| TOTAL LIABILITIES | 153 756 673 | 5 618 802 | 159 375 475 |
| NET ASSETS | 307 745 978 | 5 031 218 | 312 777 195 |
| COMMUNITY WEALTH | | | |
| Accumulated Surplus | 297 745 978 | (4 968 782) | 292 777 195 |
| Reserves | 10 000 000 | 10 000 000 | 20 000 000 |
| TOTAL COMMUNITY WEALTH/EQUITY | 307 745 978 | 5 031 218 | 312 777 195 |

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2017

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

| | 2017 R (Actual) | 2017 R (Final Budget) | 2017 R (Variance) |
|----------------------------------------|-----------------------|-----------------------------|-------------------------|
| REVENUE BY SOURCE | | | |
| Property Rates | 54 801 761 | 54 429 400 | 372 361 |
| Service Charges - Electricity Revenue | 95 089 987 | 95 204 876 | (114 889) |
| Service Charges - Water Revenue | 21 719 102 | 20 938 360 | 780 742 |
| Service Charges - Sanitation Revenue | 8 958 631 | 7 899 240 | 1 059 391 |
| Service Charges - Refuse Revenue | 13 348 813 | 13 499 063 | (150 250) |
| Rental Of Facilities and Equipment | 7 786 767 | 7 711 500 | 75 267 |
| Interest Earned - External Investments | 2 130 979 | 2 049 500 | 81 479 |
| Interest Earned - Outstanding Debtors | 1 563 532 | 1 553 060 | 10 472 |
| Fines | 6 418 487 | 8 539 500 | (2 121 013) |
| Licences and Permits | 1 109 013 | 924 500 | 184 513 |
| Agency Services | 1 614 960 | 1 373 900 | 241 060 |
| Transfers Recognised - Operational | 33 735 113 | 52 916 249 | (19 181 136) |
| Other Revenue | 10 433 353 | 9 031 265 | 1 402 088 |
| Gains on Disposal of Properties | 12 000 | - | 12 000 |
| TOTAL OPERATING REVENUE | 258 722 499 | 276 070 413 | (17 347 914) |
| EXPENDITURE BY TYPE | | | |
| Employee Related Costs | 107 931 799 | 101 881 055 | 6 050 744 |
| Remuneration of Councillors | 4 743 451 | 4 785 700 | (42 249) |
| Debt Impairment | 10 595 841 | 7 400 200 | 3 195 641 |
| Depreciation & Asset Impairment | 11 019 554 | 10 887 600 | 131 954 |
| Finance Charges | 9 307 095 | 9 457 413 | (150 318) |
| Bulk Purchases | 73 081 748 | 73 221 100 | (139 352) |
| Contracted Services | 13 025 589 | 8 880 880 | 4 144 709 |
| Transfers and Grants | 1 464 986 | 1 808 110 | (343 124) |
| Other Expenditure | 35 845 228 | 68 672 021 | (32 826 793) |
| Loss on Disposal of PPE | 688 792 | - | 688 792 |
| TOTAL OPERATING EXPENDITURE | 267 704 084 | 286 994 079 | (19 289 995) |
| OPERATING DEFICIT FOR THE YEAR | (8 981 585) | (10 923 666) | 1 942 081 |
| Transfers Recognised - Capital | 10 815 689 | 11 899 441 | (1 083 752) |
| Contributions Recognised - Capital | 169 206 | 708 190 | (538 984) |
| Contributed Assets | 720 066 | 197 961 | 522 105 |
| NET SURPLUS FOR THE YEAR | 2 723 376 | 1 881 926 | 841 450 |

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2017

ADJUSTMENTS TO APPROVED BUDGET

| | 2017 R (Approved Budget) | 2017 R (Adjustments) | 2017 R (Final Budget) |
|-------------------------------------------------|--------------------------------|----------------------------|-----------------------------|
| REVENUE BY SOURCE | | | |
| Property Rates | 54 671 400 | (242 000) | 54 429 400 |
| Service Charges - Electricity Revenue | 95 198 058 | 6 818 | 95 204 876 |
| Service Charges - Water Revenue | 22 393 300 | (1 454 940) | 20 938 360 |
| Service Charges - Sanitation Revenue | 7 527 900 | 371 340 | 7 899 240 |
| Service Charges - Refuse Revenue | 13 604 013 | (104 950) | 13 499 063 |
| Rental of Facilities and Equipment | 7 664 400 | 47 100 | 7 711 500 |
| Interest Earned - External Investments | 1 899 500 | 150 000 | 2 049 500 |
| Interest Earned - Outstanding Debtors | 876 000 | 677 060 | 1 553 060 |
| Fines | 8 538 000 | 1 500 | 8 539 500 |
| Licences and Permits | 347 000 | 577 500 | 924 500 |
| Agency Services | 1 373 900 | - | 1 373 900 |
| Transfers Recognised - Operational | 60 024 936 | (7 108 687) | 52 916 249 |
| Other Revenue | 4 480 649 | 4 550 617 | 9 031 265 |
| TOTAL OPERATING REVENUE | 278 599 056 | (2 528 643) | 276 070 413 |
| EXPENDITURE BY TYPE | | | |
| Employee Related Costs | 101 846 744 | 34 311 | 101 881 055 |
| Remuneration of Councillors | 4 785 700 | - | 4 785 700 |
| Debt Impairment | 7 400 200 | - | 7 400 200 |
| Depreciation & Asset Impairment | 10 887 600 | - | 10 887 600 |
| Finance Charges | 8 526 822 | 930 591 | 9 457 413 |
| Bulk Purchases | 75 101 100 | (1 880 000) | 73 221 100 |
| Contracted Services | 10 777 600 | (1 896 720) | 8 880 880 |
| Transfers and Grants | 1 783 110 | 25 000 | 1 808 110 |
| Other Expenditure | 76 276 086 | (7 604 065) | 68 672 021 |
| TOTAL OPERATING EXPENDITURE | 297 384 962 | (10 390 883) | 286 994 079 |
| OPERATING SURPLUS/(DEFICIT) FOR THE YEAR | | | |
| | (18 785 906) | 7 862 240 | (10 923 666) |
| Transfers Recognised - Capital | 11 931 064 | (31 623) | 11 899 441 |
| Contributions Recognised - Capital | - | 708 190 | 708 190 |
| Contributed Assets | - | 197 961 | 197 961 |
| NET SURPLUS/(DEFICIT) FOR THE YEAR | (6 854 842) | 8 736 768 | 1 881 926 |

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2017

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

| | 2017 R (Actual) | 2017 R (Final Budget) | 2017 R (Variance) |
|--------------------------------------------------------|-----------------------|-----------------------------|-------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts | | | |
| Property Rates | 52 601 208 | 53 449 671 | (848 463) |
| Service Charges | 134 653 593 | 135 065 791 | (412 198) |
| Other Revenue | 10 807 776 | 27 586 011 | (16 778 235) |
| Government - Operating | 33 905 429 | 52 637 499 | (18 732 070) |
| Government - Capital | 11 515 689 | 11 899 441 | (383 752) |
| Interest | 3 694 511 | 3 574 605 | 119 906 |
| Payments | | | |
| Suppliers and Employees | (211 524 114) | (246 387 286) | 34 863 171 |
| Finance Charges | (353 392) | (503 700) | 150 308 |
| Transfers and Grants | (1 464 986) | (1 453 000) | (11 986) |
| NET CASH FROM OPERATING ACTIVITIES | 33 835 715 | 35 869 032 | (2 033 318) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Receipts | | | |
| Proceeds on Disposal of Assets | 20 000 | - | 20 000 |
| Decrease in Non-Current Receivables | 27 098 | 27 208 | (110) |
| Payments | | | |
| Capital Assets | (23 510 834) | (28 164 615) | 4 653 781 |
| NET CASH USED IN INVESTING ACTIVITIES | (23 463 736) | (28 137 407) | 4 673 671 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Receipts | | | |
| New Loans Raised | 220 035 | 3 824 170 | (3 604 135) |
| Increase in Consumer Deposits | 282 667 | 180 364 | 102 303 |
| Payments | | | |
| Loans Repaid | (897 009) | (1 439 477) | 542 468 |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (394 307) | 2 565 056 | (2 959 364) |
| NET INCREASE IN CASH HELD | 9 977 671 | 10 296 681 | (319 010) |
| Cash and Cash Equivalents at the beginning of the year | 14 383 798 | 14 383 798 | - |
| Cash and Cash Equivalents at the end of the year | 24 361 469 | 24 680 479 | (319 010) |
| NET INCREASE IN CASH HELD | 9 977 671 | 10 296 681 | (319 010) |

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2017

ADJUSTMENTS TO APPROVED BUDGET

| | 2017 R (Approved Budget) | 2017 R (Adjustments) | 2017 R (Final Budget) |
|--------------------------------------------------------|--------------------------------|----------------------------|-----------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts | | | |
| Property Rates | 53 082 289 | 367 382 | 53 449 671 |
| Service Charges | 134 691 058 | 374 733 | 135 065 791 |
| Other Revenue | 16 010 428 | 11 575 583 | 27 586 011 |
| Government - Operating | 60 024 936 | (7 387 437) | 52 637 499 |
| Government - Capital | 11 931 064 | (31 623) | 11 899 441 |
| Interest | 2 750 038 | 824 567 | 3 574 605 |
| Payments | | | |
| Suppliers and Employees | (264 144 878) | 17 757 592 | (246 387 286) |
| Finance Charges | (503 700) | - | (503 700) |
| Transfers and Grants | (1 783 110) | 330 110 | (1 453 000) |
| NET CASH FROM OPERATING ACTIVITIES | 12 058 124 | 23 810 908 | 35 869 032 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Receipts | | | |
| Decrease in Non-Current Receivables | 4 439 | 22 768 | 27 208 |
| Payments | | | |
| Capital Assets | (24 631 925) | (3 532 690) | (28 164 615) |
| NET CASH USED IN INVESTING ACTIVITIES | (24 627 486) | (3 509 922) | (28 137 407) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Receipts | | | |
| New Loans Raised | 3 750 000 | 74 170 | 3 824 170 |
| Increase in Consumer Deposits | 249 146 | (68 782) | 180 364 |
| Payments | | | |
| Loans Repaid | (622 667) | (816 810) | (1 439 477) |
| NET CASH FROM FINANCING ACTIVITIES | 3 376 479 | (811 422) | 2 565 056 |
| NET INCREASE/(DECREASE) IN CASH HELD | (9 192 883) | 19 489 564 | 10 296 681 |
| Cash and Cash Equivalents at the beginning of the year | 19 290 914 | (4 907 116) | 14 383 798 |
| Cash and Cash Equivalents at the end of the year | 10 098 032 | - | 24 680 479 |
| NET INCREASE/(DECREASE) IN CASH HELD | (9 192 883) | 4 907 116 | 10 296 681 |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1 ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – November 2013) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenue and expenses have not been offset, except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

1.2 TRANSITIONAL PROVISIONS

The Municipality resolved to take advantage of the following transitional provisions:

In term of Directive 7 - "The Application of Deemed Cost on the Adoption of Standards of GRAP", the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

1.3 PRESENTATION CURRENCY

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

1.4 GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.5 COMPARATIVE INFORMATION

1.5.1 Prior year comparatives

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5.2 Amended Accounting Policies

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

1.6 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

1.8.1 Effective dates determined

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

The Municipality resolved to early adopt all of the following amended Standards of GRAP which were issued but are not yet effective:

| Standard | Description | Effective Date |
|-----------------|-----------------------------------------------------------------|----------------|
| GRAP 12 (2017) | Inventories | 1 April 2018 |
| GRAP 16 (2017) | Investment Property | 1 April 2018 |
| GRAP 17 (2017) | Property, Plant and Equipment | 1 April 2018 |
| GRAP 21 (2017) | Impairment of non-cash-generating assets | 1 April 2018 |
| GRAP 26 (2017) | Impairment of cash-generating assets | 1 April 2018 |
| GRAP 27 (2017) | Agriculture | 1 April 2018 |
| GRAP 31 (2017) | Intangible Assets | 1 April 2018 |
| GRAP 103 (2017) | Heritage Assets | 1 April 2018 |
| GRAP 106 (2017) | Transfer of Functions Between Entities Not Under Common Control | 1 April 2018 |

The effect of the above-mentioned amended Standards of GRAP which were early adopted is considered insignificant. The amendments to the Standards of GRAP mainly relate to the clarification of accounting principles.

The Municipality resolved not to early adopt the following Interpretation of the Standard of GRAP which was issued but is not yet effective:

| Standard | Description | Effective Date |
|-----------------|---------------------------------------|----------------|
| iGRAP 18 (2017) | Recognition and Derecognition of Land | 1 April 2018 |

This Interpretation of the Standards of GRAP could potentially have disclosure requirements currently not included in the financial statements of the municipality when it becomes effective. Accurate accounting treatment of land, based on control, already included in financial records of the municipality.

The Municipality further resolved not to early adopt Directive 12 - "The Selection of an Appropriate Reporting Framework by Public Entities" (effective 1 April 2018) as this Directive is not applicable to municipalities and will have no impact on the Municipality once it becomes effective.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

1.8.2 Effective dates not yet determined

Where a Standard of GRAP has been issued but not yet effective and the Minister of Finance has not yet determined an effective date, the Municipality may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

The following Standards of GRAP have been issued but are not yet effective as the Minister of Finance has not yet determined the effective date for application:

1.8.2.1 GRAP 18 - Segment Reporting (Original - February 2011)

The objective of this Standard is to establish principles for reporting financial information by segments.

Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will be not be significant.

1.8.2.2 GRAP 20 - Related Party Disclosure (Original - June 2011)

The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

The Municipality resolved to develop an accounting policy as set out in note 1.35 and also adopt the disclosure requirements of this Standard.

The impact of this Standard on the financial statements will be minimal.

1.8.2.3 GRAP 32 - Service Concession Arrangements: Grantor (Original - August 2013)

The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.

Preliminary investigations indicated that, other than possible additional disclosure, the impact of the Standards on the financial statements will be not be significant.

1.8.2.4 GRAP 34 - Separate Financial Statements (Original - March 2017)

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

No significant impact is expected as the Municipality has no investments in any entities.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

1.8.2.5 GRAP 35 - Consolidated Financial Statements (Original - March 2017)

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

No significant impact is expected as the Municipality does not control any entities.

1.8.2.6 GRAP 36 - Investments in Associates and Joint Ventures (Original - March 2017)

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

No significant impact is expected as the Municipality does not have investments in any associates or joint ventures.

1.8.2.7 GRAP 37 - Joint Arrangements (Original - March 2017)

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

No significant impact is expected as the Municipality does not have an interest in any arrangements that are controlled jointly.

1.8.2.8 GRAP 38 - Disclosure of Interests in Other Entities (Original - March 2017)

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- (a) the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- (b) the effects of those interests on its financial position, financial performance and cash flows.

No significant impact is expected as the Municipality does not have an interest in any entities, associates, joint ventures or joint arrangements.

1.8.2.9 GRAP 108 - Statutory Receivables (Original - September 2013)

The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

The Municipality resolved to develop an accounting policy as set out in note 1.18.

The impact of this Standard on the financial statements will be minimal.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

1.8.2.10 GRAP 109 - Accounting by Principles and Agents (Original - July 2015)

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

Preliminary investigations indicated that the impact of the Standards on the financial statements could be significant, especially relating to the disclosure requirements.

1.8.2.11 GRAP 110 - Living and Non-living Resources (Original - March 2017)

The objective of this Standard is to prescribe the:

- (a) recognition, measurement, presentation and disclosure requirements for living resources; and
- (b) disclosure requirements for non-living resources.

No significant impact is expected as the Municipality does not have any living resources.

1.8.2.12 IGRAP 17 - Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

Preliminary investigations indicated that, other than possible additional disclosure, the impact of the Standards on the financial statements will be not be significant.

1.9 INVESTMENT PROPERTY

1.9.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

Investment property is recognised as an asset when it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.9 INVESTMENT PROPERTY (CONTINUED)

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

Where investment property is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.9.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.9.3 Depreciation – Cost Model

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on the a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

| | YEARS |
|-----------|------------|
| Buildings | 100 |
| Land | Indefinite |

1.9.4 Impairment

Investment property is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.9 INVESTMENT PROPERTY (CONTINUED)

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.9.5 Derecognition

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for items of investment property that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.10 PROPERTY, PLANT AND EQUIPMENT

1.10.1 Initial Recognition

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised at cost on its acquisition date. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

1.10.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.10.3 Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate are accounted for on a prospective basis.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The annual depreciation rates are based on the following estimated useful lives:

| | YEARS | | YEARS |
|-----------------------------|----------|--------------------------------|------------|
| Infrastructure | | Land and Buildings | |
| Roads and Storm water | 8 - 99 | Buildings and | |
| Electricity Network | 10 - 100 | Improvements | 10 - 120 |
| Sewerage Network | 13 - 89 | Land | Indefinite |
| Water Network | 10 - 102 | | |
| Refuse Removal | 10 - 64 | Other Assets | |
| | | Computer Hardware | 5 - 20 |
| Community | | Furniture and | |
| Cemeteries | 100 | Office Equipment | 8 - 30 |
| Clinics | 100 | Vehicles | 8 - 50 |
| Community Halls | 5 - 100 | Special Vehicles | 15 - 50 |
| Libraries | 10 - 120 | Tools and Equipment | 8 - 33 |
| Parks & Gardens | 20 - 100 | Other | 10 - 50 |
| Recreation Grounds | 50 - 100 | | |
| Sports facilities | 10 - 100 | Capitalised Restoration | |
| | | Cost | |
| Finance lease assets | | Landfill Sites | 9 - 68 |
| Office Machines | 3 - 15 | | |

1.10.4 Impairment

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.10.5 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.11 INTANGIBLE ASSETS

1.11.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

The Municipality recognises an intangible asset only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost on its acquisition date. The cost of an intangible asset is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost is measured at its fair value at the date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Internally generated intangible assets are subject to a strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) its intention to complete the intangible asset and use or sell it;
- (c) its ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits or service potential;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.11.2 Subsequent Measurement - Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses.

1.11.3 Amortisation

The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is still subject to an annual impairment test.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.11 INTANGIBLE ASSETS

Amortisation of an intangible with a finite life asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Amortisation ceases at the date that the asset is derecognised.

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in the Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

The annual amortisation rates are based on the following estimated useful lives:

| | Years |
|-------------------|--------|
| Computer Software | 5 - 10 |

1.11.4 Impairment

Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.11.5 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.12 IMPAIRMENT OF NON-MONETARY ASSETS

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

Cash-generating assets are assets held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality estimates the recoverable amount of the asset.

1.12.1 Recoverable amount of Cash-generating assets

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

The best evidence of fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

1.12.2 Recoverable amount of Non-cash-generating assets

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

1.12.3 Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.12 IMPAIRMENT OF NON-MONETARY ASSETS

1.12.4 Reversal of an impairment loss

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

After the reversal of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.13 INVENTORIES

1.13.1 Initial Recognition

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process;
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
- (c) held for sale or distribution in the ordinary course of operations; or
- (d) in the process of production for sale or distribution.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.13 INVENTORIES

1.13.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered.

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Current replacement cost is the cost the Municipality would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of allocating cost to inventory items is the weighted average method.

At reporting date, the water volume is determined by way of dip readings and the calculated volume in the distribution network. Water inventory is then measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.14 EMPLOYEE BENEFITS

Defined-contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans.

1.14.1 Post-Retirement Benefits

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.14 EMPLOYEE BENEFITS (CONTINUED)

1.14.1.1 Multi-employer defined benefit plans

The municipality contributes to various National- and Provincial-administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. These defined benefit funds are actuarially valued on the projected unit credit method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

1.14.1.2 Post Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.2 Long-term Benefits

1.14.2.1 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.14 EMPLOYEE BENEFITS (CONTINUED)

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.3 Short-term Benefits

1.14.3.1 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at reporting date and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

1.14.3.2 Staff Bonuses Accrued

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

1.14.3.3 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.15 PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.15 PROVISIONS (CONTINUED)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the Municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

1.16 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

1.16.1 Municipality as Lessee

1.16.1.1 Finance Leases

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.16 LEASES (CONTINUED)

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

1.16.1.2 Operating leases

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

1.16.2 Municipality as Lessor

1.16.2.1 Operating Leases

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

1.17 FINANCIAL INSTRUMENTS

1.17.1 Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.17 FINANCIAL INSTRUMENTS (CONTINUED)

1.17.2 Subsequent Measurement

Financial instruments are categorised as follow:

- (a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.
- (b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.
- (c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:
 - (i) derivatives;
 - (ii) combined instruments that are designated at fair value;
 - (iii) instruments held for trading;
 - (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
 - (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

1.17.3 Impairment and uncollectability of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

1.17.3.1 Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.17 FINANCIAL INSTRUMENTS (CONTINUED)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

1.17.3.2 *Financial assets measured at cost*

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses is not be reversed.

1.17.4 Derecognition of financial instruments

1.17.4.1 *Financial assets*

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

If the Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1.17.4.2 *Financial liabilities*

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

1.17.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.18 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.18.1 Initial Recognition

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

1.18.2 Subsequent Measurement

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

1.18.3 Impairment and uncollectability of statutory receivables

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.18.4 Derecognition

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.18 STATUTORY RECEIVABLES (CONTINUED)

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

1.19 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

1.20 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

1.21 TAXES (VALUE ADDED TAX)

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) on the payment basis.

1.22 PAYABLES AND ANNUITY LOANS

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.23 CONSUMER DEPOSITS

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

1.24 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND UNSPENT PUBLIC CONTRIBUTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.25 RESERVES

1.25.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR.

The following provisions are set for the creation and utilisation of the CRR:

- (a) The cash funds that back up the CRR are invested until utilised.
- (b) The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- (c) Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited by a corresponding amount.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.26 REVENUE

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

1.26.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

1.26.1.1 Taxation Revenue

Taxation revenue comprises of property rates. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

1.26.1.2 Transfer Revenue

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

1.26.1.3 Fines

Fine Revenue constitutes both spot fines and summonses. All fines issued during the year less any cancellations or reductions are recognised as revenue. Any fine reductions or cancellations subsequent to the reported date is recorded as a write-off against the provision raised for debt impairment. In cases where fines and summonses are issued by another government departments, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.26 REVENUE (CONTINUED)

1.26.1.4 Insurance Receipts

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

1.26.1.5 Unclaimed deposits

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

1.26.1.6 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

1.26.1.7 Services in-kind

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

1.26.1.8 Contributed Assets

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.26 REVENUE (CONTINUED)

1.26.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

1.26.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity and water are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at reporting date is recognised as a liability under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to each property. These service charges are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved and are levied on a monthly basis.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

1.26.2.2 Investment income

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

1.26.2.3 Rental income

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.26 REVENUE (CONTINUED)

1.26.2.4 *Income from Agency Services*

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

1.26.2.5 *Other Tariffs*

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

1.26.2.6 *Sale of goods*

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- (a) The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- (b) The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- (c) The amount of revenue can be measured reliably.
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.26.2.7 *Deferred payment*

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

1.27 BORROWING COSTS

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.28 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

1.32 CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONTINUED)

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.33 CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.34 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.35 RELATED PARTIES

The Municipality regards a related party as a person or an entity with the ability to control the Municipality either individually or jointly, or the ability to exercise significant influence over the Municipality, or vice versa.

Management is regarded as a related party and comprises the Councillors, Executive Mayor, Deputy Mayor, Speaker, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms, are disclosed.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.36 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.36.1 Application of Directive 7

For deemed cost applied to Property, Plant and Equipment as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.36.2 Impairment of Receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.36.3 Useful lives and residual values

The useful lives of assets are based on management's estimates. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

1.36.4 Impairment of non-monetary assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property, Intangible assets and Heritage assets.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.36 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

1.36.5 Post-Retirement and Long-term Benefits

The cost of post retirement medical obligations and long-service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.36.6 Provisions and Contingent Liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to the index for earthworks as published by Statistics South Africa.

1.36.7 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

1.36.8 Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

2 CASH AND CASH EQUIVALENTS

| | 2017 R | 2016 R |
|----------------------|-------------------|-------------------|
| Primary Bank Account | 24 345 119 | 14 369 648 |
| Cash Floats | 16 350 | 14 150 |
| Total | 24 361 469 | 14 383 798 |

Due to the short term nature of cash deposits, all balances included above is in line with their fair value

Cash and Cash Equivalents are held to support the following commitments:

| | | |
|------------------------------|-------------------|-------------------|
| Unspent Conditional Grants | 1 570 000 | 278 750 |
| Unspent Public Contributions | 37 262 | 87 943 |
| Capital Replacement Reserve | 20 000 000 | 13 500 000 |
| VAT Payable | 172 130 | - |
| Working Capital Requirements | 2 582 077 | 517 105 |
| Total | 24 361 469 | 14 383 798 |

Primary Bank Account

Bredasdorp ABSA - Account number 40 5883 2586

| | | |
|------------------------------------------|------------|------------|
| Bank Statement Balance - Opening Balance | 12 696 269 | 2 627 367 |
| Bank Statement Balance - Closing Balance | 23 978 447 | 12 696 269 |
| Cashbook Balance - Opening Balance | 14 369 648 | 2 819 992 |
| Cashbook Balance - Closing Balance | 24 345 119 | 14 369 648 |

Other Bank Accounts

Bredasdorp ABSA - Account number 40 6412 1626

The municipality utilises this account for traffic fine deposits. The account is cleared to the Primary Account on a monthly basis. There are no cash book balance nor bank account balance on 30 June 2016 and 30 June 2017.

Guarantees relating to the following entities are held at ABSA:

| | | |
|-----------------|---------------|---------------|
| The Post Office | 50 000 | 50 000 |
|-----------------|---------------|---------------|

Call and Notice Deposits

There were no Call and Notice Deposits on 30 June 2016 and 30 June 2017.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

30 JUNE 2017

| | Gross Balance | Allowance for impairment | Net Receivable |
|----------------------------|-------------------|-----------------------------|-------------------|
| | R | R | R |
| Service Receivables | 28 488 655 | 10 136 231 | 18 352 424 |
| Electricity | 12 157 014 | 1 600 964 | 10 556 050 |
| Water | 5 620 494 | 2 973 301 | 2 647 193 |
| Refuse | 3 102 644 | 1 836 534 | 1 266 111 |
| Sewerage | 2 238 684 | 1 405 486 | 833 198 |
| Other Services | 5 369 819 | 2 319 946 | 3 049 872 |
| Other Receivables | 3 793 174 | - | 3 793 174 |
| Asset Sales | 2 036 336 | - | 2 036 336 |
| Payments in Advance | 1 053 911 | - | 1 053 911 |
| Other Arrears | 702 927 | - | 702 927 |
| Total | 32 281 829 | 10 136 231 | 22 145 598 |

30 JUNE 2016

| | Gross Balance | Allowance for impairment | Net Receivable |
|----------------------------|-------------------|-----------------------------|-------------------|
| | R | R | R |
| Service Receivables | 26 167 113 | 9 141 100 | 17 026 013 |
| Electricity | 11 432 383 | 1 258 425 | 10 173 959 |
| Water | 5 264 298 | 2 697 342 | 2 566 957 |
| Refuse | 2 537 793 | 1 381 044 | 1 156 749 |
| Sewerage | 1 908 029 | 1 135 855 | 772 174 |
| Other Services | 5 024 609 | 2 668 435 | 2 356 174 |
| Other Receivables | 6 763 179 | - | 6 763 179 |
| Asset Sales | 5 139 570 | - | 5 139 570 |
| Payments in Advance | 957 562 | - | 957 562 |
| Other Arrears | 666 047 | - | 666 047 |
| Total | 32 930 292 | 9 141 100 | 23 789 192 |

| | | | |
|--------------------------------------------------|-------------------|------------------|-------------------|
| Balance previously reported | 33 478 459 | 9 141 100 | 24 337 359 |
| Prior Period Adjustment - Refer to note 45.01 | (548 167) | - | (548 167) |
| Restated balance on 30 June 2016 | 32 930 292 | 9 141 100 | 23 789 192 |

Included in the outstanding balances are consumer debtors to the value of R 1 401 881 (2016 - R 943 599), who have made arrangements to repay their outstanding debt over a re-negotiated period.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

| | 2017 R | 2016 R |
|---------------------------------------|-------------------|-------------------|
| Ageing of service receivables: | | |
| Electricity Ageing | | |
| Current (0 - 30 days) | 9 455 987 | 9 331 588 |
| Past Due (31 - 60 Days) | 910 150 | 758 596 |
| Past Due (61 - 90 Days) | 338 072 | 267 879 |
| Past Due (90 Days +) | 1 452 804 | 1 074 319 |
| Total | 12 157 014 | 11 432 383 |
| Water Ageing | | |
| Current (0 - 30 days) | 2 232 585 | 2 177 480 |
| Past Due (31 - 60 Days) | 446 317 | 404 805 |
| Past Due (61 - 90 Days) | 255 692 | 241 283 |
| Past Due (90 Days +) | 2 685 899 | 2 440 730 |
| Total | 5 620 494 | 5 264 298 |
| Refuse Ageing | | |
| Current (0 - 30 days) | 1 002 822 | 920 138 |
| Past Due (31 - 60 Days) | 271 264 | 252 853 |
| Past Due (61 - 90 Days) | 149 713 | 127 095 |
| Past Due (90 Days +) | 1 678 846 | 1 237 707 |
| Total | 3 102 644 | 2 537 793 |
| Sewerage Ageing | | |
| Current (0 - 30 days) | 642 586 | 599 283 |
| Past Due (31 - 60 Days) | 206 216 | 194 109 |
| Past Due (61 - 90 Days) | 110 101 | 102 428 |
| Past Due (90 Days +) | 1 279 781 | 1 012 209 |
| Total | 2 238 684 | 1 908 029 |
| Other Services Ageing | | |
| Current (0 - 30 days) | 2 417 332 | 2 033 582 |
| Past Due (31 - 60 Days) | 399 372 | 395 741 |
| Past Due (61 - 90 Days) | 622 101 | 208 451 |
| Past Due (90 Days +) | 1 931 014 | 2 386 835 |
| Total | 5 369 819 | 5 024 609 |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

| | 2017 R | 2016 R |
|-----------------------------------------|-------------------|-------------------|
| Total Service Receivables Ageing | | |
| Current (0 - 30 days) | 15 751 312 | 15 062 072 |
| Past Due (31 - 60 Days) | 2 233 319 | 2 006 104 |
| Past Due (61 - 90 Days) | 1 475 679 | 947 137 |
| Past Due (90 Days +) | 9 028 345 | 8 151 800 |
| Total | 28 488 655 | 26 167 113 |

Ageing per Customer Classification - 30 June 2017

| | Consumers R | Industrial/ Commercial R | National and Provincial Government R |
|-------------------------------|-------------------|--------------------------------|-----------------------------------------------|
| Current (0 - 30 days) | 10 477 793 | 5 226 563 | 46 956 |
| Past Due (31 - 60 Days) | 1 937 151 | 287 008 | 9 160 |
| Past Due (61 - 90 Days) | 966 563 | 503 951 | 5 165 |
| Past Due (90 Days +) | 8 520 122 | 422 591 | 85 632 |
| Sub-Total | 21 901 629 | 6 440 112 | 146 914 |
| Less Allowance for Impairment | (9 599 899) | (455 831) | (80 501) |
| Total | 12 301 730 | 5 984 282 | 66 412 |

Ageing per Customer Classification - 30 June 2016

| | Consumers R | Industrial/ Commercial R | National and Provincial Government R |
|-------------------------------|-------------------|--------------------------------|-----------------------------------------------|
| Current (0 - 30 days) | 9 831 826 | 5 118 084 | 112 162 |
| Past Due (31 - 60 Days) | 1 797 281 | 205 720 | 3 104 |
| Past Due (61 - 90 Days) | 809 331 | 134 690 | 3 116 |
| Past Due (90 Days +) | 7 819 949 | 282 635 | 49 215 |
| Sub-Total | 20 258 388 | 5 741 129 | 167 597 |
| Less Allowance for Impairment | (8 728 589) | (361 274) | (51 238) |
| Total | 11 529 799 | 5 379 855 | 116 359 |

Included in Consumers are indigent balances amounting to R 2 605 445 (2016 - R 1 726 670). These balances were fully impaired.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

| | 2017 R | 2016 R |
|---------------------------------------------------|-------------------|------------------|
| Reconciliation of Allowance for impairment | | |
| Balance at the beginning of the year | 9 141 100 | 6 953 794 |
| Contribution to the provision | 4 913 913 | 3 697 267 |
| Electricity | 790 501 | 385 351 |
| Water | 1 401 970 | 897 433 |
| Refuse | 964 693 | 791 245 |
| Sewerage | 673 063 | 585 107 |
| Other Services | 1 083 686 | 1 038 131 |
| Bad Debts Written off | (3 918 782) | (1 509 961) |
| Electricity | (447 961) | (147 163) |
| Water | (1 126 011) | (511 403) |
| Refuse | (509 203) | (170 942) |
| Sewerage | (403 432) | (147 212) |
| Other Services | (1 432 174) | (533 240) |
| Balance at the end of the year | 10 136 231 | 9 141 100 |

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

30 JUNE 2017

| | Gross Balance R | Allowance for impairment R | Net Receivable R |
|----------------------------|--------------------|----------------------------------|---------------------|
| Service Receivables | 7 972 196 | 4 296 719 | 3 675 477 |
| Rates | 7 972 196 | 4 296 719 | 3 675 477 |
| Other Receivables | 16 623 113 | 5 986 505 | 10 636 608 |
| Unpaid Fines | 7 613 700 | 5 986 505 | 1 627 195 |
| Government Grants | 420 934 | - | 420 934 |
| Department of Housing | 8 572 180 | - | 8 572 180 |
| Sundry Deposits | 16 300 | - | 16 300 |
| Total | 24 595 309 | 10 283 224 | 14 312 085 |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

30 JUNE 2016

| | Gross Balance R | Allowance for impairment R | Net Receivable R |
|----------------------------|--------------------|----------------------------------|---------------------|
| Service Receivables | 6 167 613 | 3 683 456 | 2 484 157 |
| Rates | 6 167 613 | 3 683 456 | 2 484 157 |
| Other Receivables | 8 140 281 | 5 888 007 | 2 252 274 |
| Unpaid Fines | 8 123 981 | 5 888 007 | 2 235 974 |
| Sundry Deposits | 16 300 | - | 16 300 |
| Total | 14 307 894 | 9 571 463 | 4 736 431 |

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

| | 2017 R | 2016 R |
|---------------------------------------|------------------|------------------|
| Ageing of service receivables: | | |
| Rates Ageing | | |
| Current (0 - 30 days) | 2 343 440 | 2 018 685 |
| Past Due (31 - 60 Days) | 419 614 | 387 404 |
| Past Due (61 - 90 Days) | 208 489 | 186 228 |
| Past Due (90 Days +) | 5 000 653 | 3 575 296 |
| Total | 7 972 196 | 6 167 613 |

Ageing per Customer Classification - 30 June 2017

| | Consumers R | Industrial/ Commercial R | National and Provincial Government R |
|-------------------------------|------------------|--------------------------------|-----------------------------------------------|
| Current (0 - 30 days) | 2 270 176 | 72 747 | 518 |
| Past Due (31 - 60 Days) | 400 978 | 18 636 | - |
| Past Due (61 - 90 Days) | 193 667 | 13 092 | 1 730 |
| Past Due (90 Days +) | 4 007 587 | 197 162 | 795 903 |
| Sub-Total | 6 872 408 | 301 637 | 798 151 |
| Less Allowance for Impairment | (3 312 033) | (188 693) | (795 993) |
| Total | 3 560 375 | 112 944 | 2 158 |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

Ageing per Customer Classification - 30 June 2016

| | Consumers R | Industrial/ Commercial R | National and Provincial Government R |
|-------------------------------|------------------|--------------------------------|-----------------------------------------------|
| Current (0 - 30 days) | 1 950 140 | 68 070 | 475 |
| Past Due (31 - 60 Days) | 370 842 | 16 562 | - |
| Past Due (61 - 90 Days) | 173 995 | 12 076 | 157 |
| Past Due (90 Days +) | 2 757 981 | 122 955 | 694 360 |
| Sub-Total | 5 252 957 | 219 664 | 694 992 |
| Less Allowance for Impairment | (2 869 733) | (119 346) | (694 377) |
| Total | 2 383 224 | 100 318 | 615 |

Included in Consumers are indigent balances amounting to R 349 900 (2016 - R 303 791). These balances were fully impaired.

Department of Housing

The municipality performs certain activities on behalf of the department of housing in order to execute their housing mandate. These activities, which mainly relates to the channelling of funds from the department to the housing contractors through the municipality's bank account, are performed on an agency-principle basis. The following funds were channelled through the municipality during the period under review:

| | | |
|--------------------------------|--------------------|-------------|
| Opening Balance | - | - |
| Funds received | 3 540 036 | 6 668 615 |
| Expenditure incurred | (12 112 216) | (6 668 615) |
| Balance to be recovered | (8 572 180) | - |

Reconciliation of Allowance for impairment

| | | |
|---------------------------------------|-------------------|------------------|
| Balance at the beginning of the year | 9 571 463 | 5 000 493 |
| Contribution to the provision | 5 892 062 | 4 730 488 |
| Rates | 1 009 233 | 1 061 527 |
| Fines | 4 882 829 | 3 668 962 |
| Bad Debts Written off | (5 180 301) | (159 519) |
| Rates | (395 970) | (159 519) |
| Fines | (4 784 331) | - |
| Balance at the end of the year | 10 283 224 | 9 571 463 |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

| | 2017 R | 2016 R |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED) | | |
| <p>The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.</p> | | |
| 5 OPERATING LEASES | | |
| 5.1 OPERATING LEASE ASSETS | | |
| Operating Lease Asset | 140 757 | 108 964 |
| Balance Previously reported | | 63 532 |
| Prior Period Adjustment - Refer to note 45.02 | | 45 431 |
| <p>The operating lease asset is derived from contracts where the municipality acts as the lessor in the agreement.</p> <p>Reconciliation of Operating Lease Asset:</p> | | |
| Balance at the beginning of the year | 108 964 | 71 746 |
| Movement during the year | 31 793 | 37 218 |
| Balance at the end of the year | 140 757 | 108 964 |
| <p>The municipality will receive the following lease payments from contracts that have defined lease payments and terms.</p> | | |
| Within 1 Year | 421 587 | 479 810 |
| Between 1 and 5 Years | 1 133 428 | 1 307 573 |
| After 5 Years | 741 694 | 989 137 |
| | 2 296 710 | 2 776 520 |
| <p>The lease payments are in respect of properties being lease out over a period ranging up to 2026.</p> | | |
| 5.2 OPERATING LEASE LIABILITIES | | |
| Operating Lease Liability | 11 812 | 26 410 |

The operating lease liability is derived from contracts where the municipality acts as the lessee in the agreement.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

5 OPERATING LEASES (CONTINUED)

Reconciliation of Operating Lease Liability:

| | 2017 R | 2016 R |
|--------------------------------------|---------------|---------------|
| Balance at the beginning of the year | 26 410 | 16 067 |
| Movement during the year | (14 598) | 10 343 |
| Balance at the end of the year | 11 813 | 26 410 |

The municipality will incur the following lease expenditure from contracts that have defined lease payments and terms.

| | | |
|-----------------------|----------------|----------------|
| Within 1 Year | 173 344 | 385 879 |
| Between 1 and 5 Years | - | 173 344 |
| | 173 344 | 559 222 |

The operating lease liability relates to the following lease arrangements:

Nedbank Building - The Municipality entered into a lease agreement to obtain additional office space. The lease agreement commenced on 16 January 2015 and will run up to 31 December 2017. The initial monthly rental is R 28 500 (VAT inclusive) and the lease is subject to an annual increase of 7.5%. The municipality has the option to renew the lease after 31 December 2017.

Rothman Building - The Municipality entered into a lease agreement to obtain additional office space. The lease agreement commenced on 1 March 2014 and will run up to 28 February 2017. The initial monthly rental is R 7 345 (VAT inclusive) and the lease is subject to an annual increase of 6.5%.

6 LONG-TERM RECEIVABLES

| | | |
|------------------------------------------------|----------------|----------------|
| Individual Housing Loans | 227 152 | 254 249 |
| Sub-Total | 227 152 | 254 249 |
| Less: Current portion of Long-term Receivables | 31 117 | 27 208 |
| Individual Housing Loans | 31 117 | 27 208 |
| Total | 196 035 | 227 042 |

Individual Housing Loans

The loans was granted to facilitate housing schemes in the municipal area.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

| | 2017 R | 2016 R |
|-----------------------------------------------------------------------------------|-------------------|-------------------|
| 7 INVENTORY | | |
| Consumables | 1 290 023 | 1 437 695 |
| Water | 36 444 | 40 670 |
| Total | 1 326 467 | 1 478 364 |
| Inventory are disclosed at the lower of cost or net realisable value. | | |
| No inventory were pledged as security for liabilities. | | |
| No Inventory losses or surpluses were identified during the annual stores counts. | | |
| Inventory recognised as an expense during the year. | 2 692 870 | 2 206 313 |
| 8 INVESTMENT PROPERTY | | |
| Investment Property - Carrying Value | 40 870 029 | 40 886 559 |
| The movement in investment properties is reconciled as follows: | | |
| Opening Carrying Value | 40 886 559 | 40 749 756 |
| Cost | 41 006 133 | 40 860 800 |
| Accumulated Depreciation | (119 574) | (111 044) |
| Additions | - | 320 000 |
| Depreciation for the year | (8 530) | (8 530) |
| Disposals | (8 000) | (174 667) |
| Closing Carrying Value | 40 870 029 | 40 886 559 |
| Cost | 40 998 133 | 41 006 133 |
| Accumulated Depreciation | (128 104) | (119 574) |
| Balance Previously Reported | | 40 247 559 |
| Prior Period Adjustment - Refer to note 45.03 | | 639 000 |
| Restated Balance on 30 June 2016 | | 40 886 559 |

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

9 PROPERTY PLANT AND EQUIPMENT

30 JUNE 2017

| | Land and Buildings R | Infrastructure R | Community Assets R | Leased Assets R | Other Assets R | Total R |
|-------------------------------|----------------------------|---------------------|--------------------------|--------------------|-------------------|--------------------|
| Opening Carrying Value | 73 635 653 | 196 223 594 | 21 411 846 | 936 738 | 20 478 395 | 312 686 226 |
| Cost | 84 035 635 | 249 535 485 | 23 909 346 | 1 192 011 | 32 849 854 | 391 522 332 |
| Accumulated Depreciation | (10 399 983) | (53 311 890) | (2 497 500) | (255 273) | (12 371 459) | (78 836 106) |
| Additions | 723 861 | 15 567 444 | 2 163 692 | - | 2 774 907 | 21 229 904 |
| Depreciation for the year | (270 011) | (6 662 120) | (315 226) | (193 660) | (2 121 783) | (9 562 799) |
| Disposals | (82 114) | (327 559) | - | - | (279 119) | (688 792) |
| Cost | (105 000) | (520 354) | - | - | (593 112) | (1 218 466) |
| Accumulated Depreciation | 22 886 | 192 795 | - | - | 313 993 | 529 674 |
| Closing Carrying Value | 74 007 389 | 204 801 360 | 23 260 313 | 743 078 | 20 852 400 | 323 664 539 |
| Cost | 84 654 496 | 264 582 575 | 26 073 038 | 1 192 011 | 35 031 649 | 411 533 770 |
| Accumulated Depreciation | (10 647 108) | (59 781 215) | (2 812 725) | (448 933) | (14 179 249) | (87 869 231) |
| Work In Progress | - | 9 535 562 | 140 400 | - | - | 9 675 962 |

Work In Progress is included in carrying value of property plant and equipment.
No Depreciation charge is recognised against these amounts.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2016

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| | Land and Buildings R | Infrastructure R | Community Assets R | Leased Assets R | Other Assets R | Total R |
|-------------------------------|----------------------------|---------------------|--------------------------|--------------------|-------------------|--------------------|
| Opening Carrying Value | 74 033 722 | 191 441 492 | 15 935 887 | 1 006 724 | 19 745 410 | 302 163 235 |
| Cost | 84 164 632 | 238 377 202 | 18 153 513 | 1 096 561 | 30 575 061 | 372 366 969 |
| Accumulated Depreciation | (10 130 910) | (46 935 710) | (2 217 626) | (89 837) | (10 829 651) | (70 203 733) |
| Additions | 757 004 | 11 206 103 | 5 758 204 | 144 800 | 3 050 878 | 20 916 990 |
| Depreciation for the year | (429 307) | (6 396 170) | (280 510) | (213 596) | (1 908 351) | (9 227 934) |
| Disposals | (725 766) | (27 832) | (1 735) | (1 190) | (409 542) | (1 166 065) |
| Cost | (886 000) | (47 821) | (2 372) | (49 349) | (776 085) | (1 761 627) |
| Accumulated Depreciation | 160 234 | 19 989 | 637 | 48 159 | 366 543 | 595 562 |
| Closing Carrying Value | 73 635 653 | 196 223 594 | 21 411 846 | 936 738 | 20 478 395 | 312 686 226 |
| Cost | 84 035 635 | 249 535 485 | 23 909 346 | 1 192 011 | 32 849 854 | 391 522 332 |
| Accumulated Depreciation | (10 399 983) | (53 311 890) | (2 497 500) | (255 273) | (12 371 459) | (78 836 106) |
| Work In Progress | - | 6 546 615 | - | - | - | 6 546 615 |

Work In Progress is included in carrying value of property plant and equipment.
No Depreciation charge is recognised against these amounts.

| | | | | | | |
|-----------------------------------------------|-------------------|--------------------|-------------------|----------------|-------------------|--------------------|
| Balance Previously Reported | 73 242 388 | 196 198 312 | 21 335 111 | 936 738 | 20 977 765 | 312 690 314 |
| Prior Period Adjustment - Refer to note 45.04 | 393 265 | 25 282 | 76 735 | - | (499 370) | (4 088) |
| Restated Balance on 30 June 2016 | 73 635 653 | 196 223 594 | 21 411 846 | 936 738 | 20 478 395 | 312 686 226 |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

10

INTANGIBLE ASSETS

| | 2017 R | 2016 R |
|-------------------------------------------|-----------|-----------|
| Intangible Assets - Carrying Value | 3 572 415 | 890 502 |
| Balance Previously Reported | | 882 653 |
| Correction of Error - Refer to note 45.05 | | 7 850 |

The movement in intangible assets is reconciled as follows:

| | | |
|-------------------------------|------------------|------------------|
| Opening Carrying Value | 890 502 | 1 125 338 |
| Cost | 1 542 652 | 1 492 652 |
| Accumulated Amortisation | (652 150) | (367 314) |
| Additions | 3 000 995 | 50 000 |
| Disposals | - | - |
| Cost | (52 920) | - |
| Accumulated Depreciation | 52 920 | - |
| Amortisation for the year | (319 083) | (284 835) |
| Closing Carrying Value | 3 572 415 | 890 502 |
| Cost | 4 490 727 | 1 542 652 |
| Accumulated Amortisation | (918 312) | (652 150) |
| Work in Progress | 2 019 167 | - |

Work In Progress is included in carrying value of intangible assets. No Amortisation charge is recognised against these amounts.

The work in progress balance only relates to the Phoenix (Vesta) Financial System in process of being implemented at the municipality at year-end. This implementation is required to ensure compliance with new mSCOA regulations coming into effect on 1 July 2017.

Intangible Assets consist only out of software

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

10 INTANGIBLE ASSETS (CONTINUED)

The only contractual commitments for the acquisition of intangible assets is the additional cost for the procurement of comprehensive asset register whereby not all the functionality be covered in terms of the National Treasury Transversal RT25 tender with the procurement of the new Vesta - Phoenix financial system.

11 CAPITALISED RESTORATION COST (PPE)

Capitalised Restoration Cost - Carrying Value

2017
R

2016
R

47 588 121

48 676 251

The movement in capitalised restoration cost is reconciled as follows:

Opening Carrying Value

48 676 251

53 055 616

Cost

54 280 815

57 461 353

Accumulated Depreciation

(2 416 932)

(1 214 570)

Accumulated Impairments

(3 187 632)

(3 191 167)

Additions

48 734

-

Disposals

(7 720)

(3 180 539)

Depreciation for the year

(1 129 143)

(1 202 362)

Reversal of Impairments for the year

-

3 535

Closing Carrying Value

47 588 121

48 676 251

Cost

54 321 828

54 280 815

Accumulated Depreciation

(3 546 075)

(2 416 932)

Accumulated Impairments

(3 187 632)

(3 187 632)

The municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Cape Agulhas Municipality.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

12 CAPITALISED RESTORATION COST (PPE) (CONTINUED)

Although this item is accounted for under the Property Plant and Equipment Standard (GRAP 17), the characteristics and nature of this item does not resemble that of normal PPE (such as the tangible nature of assets normally associated with PPE). Based on the aforementioned and in line with the requirements of GRAP 1, Capitalised Restoration Cost is disclosed as a separate item on the face of the Statement of Financial Position.

Refer to note 23 for more detail relating to this asset financed by way of a provision

13 LONG-TERM LIABILITIES

| | 2017 R | 2016 R |
|------------------------------------------------|------------------|------------------|
| Annuity Loans | 2 351 106 | 2 642 522 |
| Finance Lease Liabilities | 345 138 | 730 695 |
| Sub-Total | 2 696 243 | 3 373 217 |
| Less: Current portion of Long-term Liabilities | 684 389 | 869 577 |
| Annuity Loans | 339 251 | 484 019 |
| Finance Lease Liabilities | 345 138 | 385 557 |
| Total | 2 011 854 | 2 503 641 |

Long Term Liabilities were fully utilised to purchase property plant and equipment. No loans were unspent and no cash were set aside to finance future instalments.

The municipality opted to finance assets from external funding during the current and previous financial year. Detail are as follows:

| | | |
|----------------------------------|------------------|-------------|
| Assets purchased | 2 620 035 | 2 573 190 |
| Annuity Loans Raised | (220 035) | (2 428 390) |
| Finance Lease Liabilities Raised | - | (144 800) |
| Outstanding Financing | 2 400 000 | - |

The total outstanding financing relates to an ABSA loan only received by the municipality during July 2017. All material aspects of the agreement were already reached before year-end, with only minor outstanding administrative matters between ABSA and the municipality resulting in funds being transferred subsequent to year-end.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

| | 2017 R | 2016 R |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| 14 LONG-TERM LIABILITIES (CONTINUED) | | |
| Annuity Loans | | |
| Annuity Loans, disclosed at amortised cost, consist out of the following agreements: | | |
| Development Bank of South Africa (DBSA) | - | 214 132 |
| The loan balance consist out of one agreement. Interest is calculated at 15.00% and the loan was be fully redeemed on 30 June 2017. | | |
| Amalgamated Banks of South Africa (ABSA) | 2 351 106 | 2 428 390 |
| Interest is calculated at 10.60% interest rate. The infrastructure loan will be fully redeemed on 30 June 2026 whilst the loans for vehicles and machinery will be fully redeemed on 30 June 2021 . Annuity loans consist out of four loan agreements | | |
| | 2 351 106 | 2 642 522 |
| Further detail relating to Annuity Loans is included in Appendix A. | | |
| Annuity loans are payable as follows: | | |
| Payable within one year | 580 658 | 758 856 |
| Payable within two to five years | 2 142 751 | 2 081 304 |
| Payable after five years | 601 168 | 987 637 |
| Total amount payable | 3 324 576 | 3 827 797 |
| Less: Outstanding Future Finance Charges | (973 471) | (1 185 275) |
| Present value of annuity loans | 2 351 106 | 2 642 522 |

Finance Lease Liabilities

Finance Lease Liabilities, disclosed at amortised cost, consist out of the following agreements:

| Nr | Institution | Interest Rate | Redemption Date |
|----|-----------------------------------------------------|---------------|-----------------|
| 1 | Nashua (1 Copier - 36 Months) | 9.00% | 2017-02-28 |
| 2 | Nashua (31 Copiers (2015 - 28 Copiers) - 36 Months) | 9.37% | 2018-05-31 |

All lease agreements have no escalation clause over the respective periods. After the lease agreement expires, lease payments will continue on a month to month basis until the contract is renewed or cancelled. Equipment will be returned to the supplier at the end of the lease term when the contract is cancelled.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

15 LONG-TERM LIABILITIES (CONTINUED)

Assets and liabilities associated with finance lease contracts:

| Nr | Carrying Value of Asset | | Carrying Value of Liability | |
|----|-------------------------|----------------|-----------------------------|----------------|
| | 2017 R | 2016 R | 2017 R | 2016 R |
| 1 | 111 772 | 128 533 | - | 41 236 |
| 2 | 631 306 | 808 205 | 345 138 | 689 459 |
| | 743 078 | 936 738 | 345 138 | 730 695 |

The carrying value of assets, which are pledged as security for outstanding liabilities, are included in the property, plant and equipment carrying value in note 9.

Finance Lease Liabilities are payable as follows:

| | 2017 R | 2016 R |
|---------------------------------------------------|-----------------|-----------------|
| Payable within one year | 361 515 | 437 020 |
| Payable within two to five years | - | 361 515 |
| Total amount payable | 361 515 | 798 535 |
| Less: Outstanding Future Finance Charges | (16 377) | (67 840) |
| Present value of finance lease liabilities | 345 138 | 730 695 |

16 CONSUMER DEPOSITS

| | | |
|---------------------------------------------------------------------------|------------------|------------------|
| Electricity | 2 669 476 | 2 481 745 |
| Water | 1 621 273 | 1 526 337 |
| Total | 4 290 749 | 4 008 082 |
| Guarantees held in lieu of Electricity and Water Deposits (2016 Restated) | 172 000 | 172 000 |

The carrying value of consumer deposits are in line with its fair value. Outstanding balances does not attract any interest.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

17 PAYABLES FROM EXCHANGE TRANSACTIONS

| | 2017 R | 2016 R |
|-----------------------------------------------|-------------------|------------------|
| Trade Payables | 27 355 359 | 6 035 591 |
| Balance Previously Reported | | 2 305 725 |
| Prior Period Adjustment - Refer to note 45.06 | | 3 729 866 |
| Retentions | 1 219 478 | 1 005 490 |
| Pre-Paid Electricity | 250 011 | 219 216 |
| Debtors with credit balances | 1 367 313 | 1 260 512 |
| Sundry Creditors | 709 996 | 581 900 |
| Sundry Deposits | 577 703 | 495 237 |
| Total | 31 479 859 | 9 597 946 |

Payables are being recognised net of any discounts received

As prescribed by the MFMA, all payables are payable within 30 days. This credit period granted is considered to be in line with industry norms. The carrying value of payables are in line with its fair value.

Payables are not secured.

Sundry deposits include Hall, Builders and Housing Deposits.

18 UNSPENT CONDITIONAL GOVERNMENT GRANTS

| | | |
|-----------------------|------------------|----------------|
| National Government | 147 990 | 130 760 |
| Provincial Government | 1 422 010 | 147 990 |
| Total | 1 570 000 | 278 750 |

Detail reconciliations of all grants received and grant conditions met are included in note 26. Unspent grant balances are recognised to the extent that conditions are not yet met.

No grants were withheld in the current year.

Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

| | 2017 R | 2016 R |
|-------------------------------------------|---------------|---------------|
| 19 UNSPENT PUBLIC CONTRIBUTIONS | | |
| Mayoral Golf Day | 37 262 | 30 585 |
| Balance Previously Reported | | 59 670 |
| Correction of Error - Refer to note 45.07 | | (29 085) |
| Marine Drive Cables | - | 57 358 |
| Total | 37 262 | 87 943 |

Detail reconciliations of all public contributions received are included in note 27. Unspent public contribution balances are recognised to the extent that conditions of the contribution are not yet met.

Due to the short term nature of unspent public contributions, the carrying value approximates the fair value of the unspent public contribution at year-end.

| | | |
|-----------------|---------------|------------------|
| 20 TAXES | | |
| Vat Payable | 2 573 431 | 2 475 367 |
| Vat Receivable | (2 531 698) | (1 144 954) |
| Total | 41 734 | 1 330 413 |

VAT is accounted for on the payment basis.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies

| | | |
|-------------------------------------|-------------------|-------------------|
| 21 CURRENT EMPLOYEE BENEFITS | | |
| Post Retirement Medical Benefits | 1 167 381 | 981 048 |
| Long Service Awards | 567 910 | 634 521 |
| Performance Bonuses | 664 712 | 688 810 |
| Bonuses | 2 816 631 | 2 478 310 |
| Staff Leave | 5 566 530 | 5 225 450 |
| Total | 10 783 164 | 10 008 140 |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

21 CURRENT EMPLOYEE BENEFITS (CONTINUED)

The movement in current employee benefits are reconciled as follows:

Performance Bonuses

| | 2017 R | 2016 R |
|------------------------------|----------------|----------------|
| Opening Balance | 688 810 | 547 618 |
| Contribution during the year | 602 988 | 784 941 |
| Payments made | (627 086) | (643 748) |
| Opening Balance | 664 712 | 688 810 |

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

Bonuses

| | | |
|------------------------------|------------------|------------------|
| Opening Balance | 2 478 310 | 1 904 720 |
| Contribution during the year | 5 017 071 | 4 210 819 |
| Payments made | (4 678 750) | (3 637 229) |
| Opening Balance | 2 816 631 | 2 478 310 |

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

Staff Leave

| | | |
|------------------------------|------------------|------------------|
| Opening Balance | 5 225 450 | 4 097 335 |
| Contribution during the year | 1 302 914 | 1 415 177 |
| Payments made | (961 834) | (287 062) |
| Opening Balance | 5 566 530 | 5 225 450 |

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or in the event of encashment. There is no possibility of reimbursement.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

22

EMPLOYEE BENEFITS

| | 2017 R | 2016 R |
|--------------------------------------------|-------------------|-------------------|
| Post Retirement Medical Benefits | 45 375 173 | 44 244 031 |
| Long Service Awards | 7 302 571 | 6 995 996 |
| Sub-Total | 52 677 744 | 51 240 027 |
| Less: Current portion of Employee Benefits | 1 735 291 | 1 615 569 |
| Post Retirement Medical Benefits | 1 167 381 | 981 048 |
| Long Service Awards | 567 910 | 634 521 |
| Total | 50 942 453 | 49 624 458 |

22.1 Post Retirement Medical Benefits

The movement in Post Retirement Medical Benefits are reconciled as follows:

| | | |
|----------------------------------|-------------------|-------------------|
| Opening Balance | 44 244 031 | 38 146 819 |
| Contribution during the year | 6 699 008 | 5 449 952 |
| Current Service Cost | 2 402 556 | 2 073 591 |
| Interest Cost | 4 296 452 | 3 376 361 |
| Payments made | (938 637) | (748 314) |
| Actuarial (Gain)/Loss | (4 629 229) | 1 395 574 |
| Total balance at year-end | 45 375 173 | 44 244 031 |
| Less Current Portion | 1 167 381 | 981 048 |
| Total | 44 207 792 | 43 262 983 |

The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows:

| | 2017 | 2016 |
|------------------------|------------|------------|
| In-service members | 114 | 115 |
| In-service non-members | 234 | 230 |
| Continuation members | 25 | 24 |
| Total | 373 | 369 |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

22 EMPLOYEE BENEFITS (CONTINUED)

The liability in respect of past service has been estimated to be as follows:

| | 2017 R | 2016 R |
|---------------------------------|-------------------|-------------------|
| In-service members | 29 634 993 | 29 245 620 |
| Continuation members | 15 740 180 | 14 998 411 |
| Total Unfunded Liability | 45 375 173 | 44 244 031 |

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

| | 2015 R | 2014 R | 2013 R |
|---------------------------------|-------------------|-------------------|-------------------|
| In-service members | 24 900 937 | 20 294 416 | 16 097 224 |
| Continuation members | 13 245 882 | 12 342 532 | 11 167 480 |
| Total Unfunded Liability | 38 146 819 | 32 636 948 | 27 264 704 |

Experience adjustments were calculated as follows:

| | 2017 R m | 2016 R m |
|--------------------------|-------------|-------------|
| Liabilities: (Gain)/Loss | (0.130) | 2.923 |
| Assets: Gain/(Loss) | - | - |

Experience adjustments were calculated as follows in years prior to the comparative year:

| | 2015 R m | 2014 R m | 2013 R m |
|--------------------------|-------------|-------------|-------------|
| Liabilities: (Gain)/Loss | 1.761 | (0.085) | 0.878 |
| Assets: Gain/(Loss) | - | - | - |

The municipality contributes to the following medical schemes on a monthly basis:

Bonitas
LA Health
Hosmed
Samwumed
Keyhealth

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

22

EMPLOYEE BENEFITS (CONTINUED)

Key Actuarial Assumptions used are as follows:

| | 2017 | 2016 |
|---------------------------------|-------|-------|
| Interest Rates | | |
| Discount rate | 9.48% | 9.82% |
| Health Care Cost Inflation Rate | 7.89% | 8.75% |
| Net Effective Discount Rate | 1.47% | 0.98% |

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

Mortality Rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

Normal Retirement Age

It has been assumed that in-service members will retire at age 65, which then implicitly allows for expected rates of early and ill-health retirement.

Last Valuation

The last valuation was performed on 13 June 2017.

Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

Sensitivity Analysis - Liability at year-end

| Assumption | In-service members R m | Continuation members R m | Total liability R m | % change |
|------------------------------------------|---------------------------|-----------------------------|------------------------|----------|
| Liability | 29.635 | 15.740 | 45.375 | |
| Health care inflation | | | | |
| + 1% | 37.150 | 17.336 | 54.486 | 20% |
| - 1% | 23.804 | 14.355 | 38.159 | -16% |
| Discount rate | | | | |
| + 1% | 23.924 | 14.386 | 38.310 | -16% |
| - 1% | 37.104 | 17.327 | 54.431 | 20% |
| Post-retirement mortality | | | | |
| - 1 year | 30.693 | 16.337 | 47.030 | 4% |
| Average retirement age | | | | |
| - 1 year | 32.557 | 15.740 | 48.298 | 6% |
| Continuation of membership at retirement | | | | |
| - 10% | 26.233 | 15.740 | 41.973 | -7% |

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CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

22 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

| Assumption | Current Service Cost R m | Interest Cost R m | Total Cost R m | % change |
|------------------------------------------|--------------------------------|----------------------|-------------------|----------|
| Future Cost | 2.513 | 4.246 | 6.758 | |
| Health care inflation | | | | |
| + 1% | 3.194 | 5.109 | 8.303 | 23% |
| - 1% | 1.991 | 3.562 | 5.553 | -18% |
| Discount rate | | | | |
| + 1% | 2.020 | 3.954 | 5.973 | -12% |
| - 1% | 3.161 | 4.565 | 7.726 | 14% |
| Post-retirement mortality | | | | |
| - 1 year | 2.602 | 4.402 | 7.005 | 4% |
| Average retirement age | | | | |
| - 1 year | 2.752 | 4.522 | 7.275 | 8% |
| Continuation of membership at retirement | | | | |
| - 10% | 2.226 | 3.923 | 6.149 | -9% |

22.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

| | | |
|----------------------------------|------------------|------------------|
| Opening Balance | 6 995 996 | 5 819 691 |
| Contribution during the year | 1 174 311 | 913 494 |
| Current Service Cost | 561 403 | 460 270 |
| Interest Cost | 612 908 | 453 224 |
| Payments made | (307 457) | (562 989) |
| Actuarial (Gain)/Loss | (560 279) | 825 800 |
| Total balance at year-end | 7 302 571 | 6 995 996 |
| Less Current Portion | 567 910 | 634 521 |
| Total | 6 734 661 | 6 361 475 |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

22 EMPLOYEE BENEFITS (CONTINUED)

The following members are eligible for long service bonuses:

| | 2017 | 2016 |
|--------------------|------|------|
| In-service members | 348 | 345 |

The liability in respect of past service has been estimated to be as follows:

| | 2017 R | 2016 R |
|---------------------------------|------------------|------------------|
| In-service members | 7 302 571 | 6 995 996 |
| Total Unfunded Liability | 7 302 571 | 6 995 996 |

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

| | 2015 R | 2014 R | 2013 R |
|---------------------------------|------------------|------------------|------------------|
| In-service members | 5 819 691 | 5 013 580 | 4 074 905 |
| Total Unfunded Liability | 5 819 691 | 5 013 580 | 4 074 905 |

Experience adjustments were calculated as follows:

| | 2017 R | 2016 R |
|--------------------------|-----------|-----------|
| Liabilities: (Gain)/Loss | 244 031 | 892 912 |
| Assets: Gain/(Loss) | - | - |

Experience adjustments were calculated as follows in years prior to the comparative year:

| | 2015 R | 2014 R | 2013 R |
|--------------------------|-----------|-----------|-----------|
| Liabilities: (Gain)/Loss | 335 973 | 624 617 | 116 176 |
| Assets: Gain/(Loss) | - | - | - |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

22

EMPLOYEE BENEFITS (CONTINUED)

2017

2016

Key Actuarial Assumptions used are as follows:

Interest Rates

| | | |
|----------------------------------------------------------------------------|-------|-------|
| Discount rate | 8.36% | 9.17% |
| General Salary Inflation (long-term) | 6.27% | 7.97% |
| Net Effective Discount Rate applied to salary-related Long Service Bonuses | 1.96% | 1.11% |

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

Last Valuation

The last valuation was performed on 13 June 2017.

Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

Sensitivity Analysis - Liability at year-end

| Assumption | Total liability R m | % change |
|--------------------------|------------------------|----------|
| Liability | 7.303 | |
| General salary inflation | | |
| + 1% | 7.875 | 8% |
| - 1% | 6.790 | -7% |
| Discount rate | | |
| + 1% | 6.773 | -7% |
| - 1% | 7.906 | 8% |
| Average retirement age | | |
| - 2 years | 6.337 | -13% |
| + 2 years | 8.015 | 10% |
| Withdrawal rates | | |
| - 50 % | 8.595 | 18% |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

22 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

| Assumption | Current Service | Interest Cost R | Total Cost R | % change |
|--------------------------|-----------------|--------------------|-----------------|----------|
| | Cost R | | | |
| Future Cost | 568 700 | 587 000 | 1 155 700 | |
| General salary inflation | | | | |
| + 1% | 622 100 | 634 800 | 1 256 900 | 9% |
| - 1% | 521 700 | 544 300 | 1 066 000 | -8% |
| Discount rate | | | | |
| + 1% | 525 400 | 607 800 | 1 133 200 | -2% |
| - 1% | 618 700 | 561 100 | 1 179 800 | 2% |
| Average retirement age | | | | |
| - 2 years | 504 300 | 506 300 | 1 010 600 | -13% |
| + 2 years | 623 500 | 646 500 | 1 270 000 | 10% |
| Withdrawal rates | | | | |
| - 50 % | 730 200 | 695 000 | 1 425 200 | 23% |

22.3 Other Pension Benefits

| Defined Benefit Plans | 2017 R | 2016 R |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|------------------|
| Council contributes to the following defined benefit plans: | | |
| LA Retirement Fund (former Cape Joint Pension Fund) | 469 727 | 232 033 |
| The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 103.5% (30 June 2015 - 101.4%). | | |
| Consolidated Retirement Fund (former Cape Retirement Fund) | 10 104 612 | 8 929 418 |
| The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 118.0% (30 June 2015 - 112.1%). | | |
| Total | 10 574 339 | 9 161 451 |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

22 EMPLOYEE BENEFITS (CONTINUED)

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund and Cape Joint Pension Fund are Multi Employer funds defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

| | 2017 R | 2016 R |
|------------------------------------------------------------------|------------------|------------------|
| Defined Contribution Plans | | |
| Council contributes to the following defined contribution plans: | | |
| Municipal Councillors Pension Fund | 181 446 | 269 593 |
| SAMWU National Provident Fund | 1 066 301 | 1 003 289 |
| Total | 1 247 747 | 1 272 881 |

The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

23

NON-CURRENT PROVISIONS

Rehabilitation Provision - Landfill Sites

2017
R

2016
R

66 297 464

62 220 661

The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:

Opening Balance

62 220 661

61 749 125

Contribution during the year

4 076 803

471 536

Increase/(Decrease) in estimate

32 460

(3 193 655)

Interest Cost

4 044 343

3 665 191

Total balance at year-end

66 297 464

62 220 661

Less Current Portion

-

-

Total

66 297 464

62 220 661

Balance previously reported

58 361 946

Prior Period Adjustment - Refer to note 45.09

3 858 715

Restated Balance on 30 June 2016

62 220 661

The total obligation at year-end can be attributed to the following sites:

| Site | Expected Closure Date | | |
|---------------|-----------------------|-------------------|-------------------|
| Bredasdorp | 2066 | 27 413 815 | 25 698 748 |
| Napier | 2055 | 16 834 881 | 15 806 935 |
| Waenhuiskrans | 2055 | 3 454 879 | 3 251 267 |
| Struisbaai | 2055 | 14 492 910 | 13 604 995 |
| L'Agulhas | Closed | 4 100 978 | 3 858 715 |
| Total | | 66 297 464 | 62 220 661 |

There are no current portion associated with this liability, as there are no intention to rehabilitate any sites within 12 months of reporting date.

Discount rates specific to the nature of the provision is utilised to calculate the effect of time value of money. The discount rate is benchmarked against the Earthworks Index as published by Statssa. The discount rate used was stated at 6.50% (2016 – 5.94%).

Environmental Specialists were utilised to determine the cost of rehabilitation of landfill sites.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

23 NON-CURRENT PROVISIONS

The estimated area per site to be rehabilitated at year end were as follows (Rehabilitation area - m²):

| | 2017 | 2016 |
|---------------|--------|--------|
| Bredasdorp | 77 370 | 77 370 |
| Napier | 40 810 | 40 810 |
| Waenhuiskrans | 4 500 | 4 500 |
| Struisbaai | 33 952 | 33 952 |
| L'Agulhas | 5 603 | 5 603 |

The cost of rehabilitation per square meter is based on the current cost of construction at each reporting period. The cost per square meter were estimated as follows (R/m²):

| | | |
|---------------|-----|-----|
| Bredasdorp | 354 | 332 |
| Napier | 413 | 387 |
| Waenhuiskrans | 768 | 723 |
| Struisbaai | 427 | 401 |
| L'Agulhas | 732 | 689 |

| | |
|------|------|
| 2017 | 2016 |
| R | R |

24 RESERVES

| | | |
|-----------------------------|--------------------|--------------------|
| Accumulated Surplus | 290 057 891 | 293 834 516 |
| Capital Replacement Reserve | 20 000 000 | 13 500 000 |
| Total | 310 057 891 | 307 334 516 |

25 PROPERTY RATES

| | | |
|----------------------|-------------------|-------------------|
| Total Property Rates | 55 201 074 | 50 145 020 |
| Less: Rebates | (399 312) | (214 041) |
| Total | 54 801 761 | 49 930 979 |

Property rate levied are based on the following rateable valuations:

| | | |
|------------------------------|-----------------------|-----------------------|
| Residential | 6 873 609 700 | 6 818 366 700 |
| Business & Commercial | 585 616 000 | 570 243 000 |
| Public benefit Organizations | 93 459 000 | 92 580 000 |
| State-owned | 273 125 000 | 273 916 000 |
| Agricultural | 2 451 538 000 | 2 430 471 000 |
| Other | 529 454 200 | 501 138 200 |
| Total Valuation | 10 806 801 900 | 10 686 714 900 |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

| | | 2017 R | 2016 R |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| 25 | PROPERTY RATES (CONTINUED) | | |
| | Historically, valuations on land and buildings were performed every four years. The next general valuation will be implemented on 1 July 2017 after which the valuations will be performed every 5 years. The last valuation came into effect on 1 July 2013. | | |
| | The first R 15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act. | | |
| | The following rates are applicable to the valuations above: | | |
| | Residential Developed | 0.006541 c / R | 0.006001 c / R |
| | Residential Vacant | 0.006541 c / R | 0.006001 c / R |
| | Business and Commercial | 0.006826 c / R | 0.006262 c / R |
| | Industrial | 0.006826 c / R | 0.006262 c / R |
| | Public Benefit Organisations | 0.001636 c / R | 0.005739 c / R |
| | State Owned | 0.006826 c / R | 0.006262 c / R |
| | Agricultural - Bona fide | 0.001636 c / R | 0.001501 c / R |
| | Agricultural - Residential | 0.006541 c / R | 0.006001 c / R |
| | Agricultural - Business and Commercial | 0.006826 c / R | 0.006262 c / R |
| | Agricultural - Other | 0.006541 c / R | 0.006001 c / R |
| | Other | 0.006541 c / R | 0.006001 c / R |

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 31 October. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but in terms of Council's own policy opted not to collect it.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

26

GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants - National Government

Equitable Share

Conditional Grants - National Government

Financial Management Grant (FMG)

Municipal Systems Improvement Grant (MSIG)

Municipal Infrastructure Grant (MIG)

Skills Development Fund and SETA Bursaries

National Electrification Programme (INEP)

Expanded Public Works Program (EPWP)

Conditional Grants - Provincial Government

Library Grant

Proclaimed Road Subsidy

Housing Grants

Other Provincial Allocations

Total

Disclosed as:

Government Grants and Subsidies - Capital

Government Grants and Subsidies - Operating

Total

Grants per Vote (MFMA Sec 123 (c)):

Equitable share

Executive and Council

Budget and Treasury Office

Corporate Services

Community and Social Services

Electricity

Infrastructure

Total

2017
R

2016
R

23 075 000

20 679 000

23 075 000

20 679 000

14 938 787

16 532 770

1 475 000

1 450 000

-

930 000

10 501 000

10 787 000

752 787

365 770

1 000 000

2 000 000

1 210 000

1 000 000

6 537 015

5 772 552

5 350 000

4 270 000

52 025

56 562

-

-

1 134 990

1 445 989

44 550 802

42 984 321

10 815 689

12 898 517

33 735 113

30 085 805

44 550 802

42 984 321

23 075 000

20 679 000

-

456 950

1 842 990

2 632 000

848 787

427 770

5 959 000

5 127 339

2 106 169

2 000 000

10 718 855

11 661 262

44 550 802

42 984 321

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

26 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

The movements per grant can be summarised as follows:

26.01 Equitable Share

| | 2017 R | 2016 R |
|------------------------------------|--------------|--------------|
| Grants Received | 23 075 000 | 20 679 000 |
| Transferred to Revenue - Operating | (23 075 000) | (20 679 000) |
| Closing Unspent Balance | - | - |

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

26.02 Financial Management Grant (FMG)

| | | |
|------------------------------------|-----------|-------------|
| Grants Received | 1 475 000 | 1 450 000 |
| Transferred to Revenue - Capital | (707 855) | (211 586) |
| Transferred to Revenue - Operating | (767 145) | (1 238 414) |
| Closing Unspent Balance | - | - |

The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial Management Internship Programme.

26.03 Municipal Systems Improvement Grant (MSIG)

| | | |
|------------------------------------|----------|-----------|
| Grants Received | - | 930 000 |
| Transferred to Revenue - Capital | - | (780 000) |
| Transferred to Revenue - Operating | - | (150 000) |
| Closing Unspent Balance | - | - |

The MSIG is a conditional grant used to build in-house capacity to perform municipal functions and stabilise institutional and governance systems.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

| | 2017 R | 2016 R |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|----------------|
| 26 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED) | | |
| 26.04 Municipal Infrastructure Grant (MIG) | | |
| Grants Received | 10 501 000 | 10 787 000 |
| Transferred to Revenue - Capital | (8 571 914) | (9 491 211) |
| Transferred to Revenue - Operating | (1 929 086) | (1 295 789) |
| Closing Unspent Balance | - | - |
| The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas. | | |
| 26.05 Skills Development Fund and SETA Bursaries | | |
| Opening Balance | 130 760 | - |
| Grants Received | 201 093 | 496 530 |
| Transferred to Revenue - Operating | (752 787) | (365 770) |
| Transferred to Receivables | 420 934 | - |
| Closing Unspent Balance | - | 130 760 |
| The Skills Development fund (including SETA allocations) is utilised to cover expenditure relating to training and unemployed bursary beneficiaries. | | |
| 26.06 National Electrification Programme (INEP) | | |
| Grants Received | 1 000 000 | 2 000 000 |
| Transferred to Revenue - Capital | (1 000 000) | (1 991 998) |
| Transferred to Revenue - Operating | - | (8 002) |
| Closing Unspent Balance | - | - |
| The INEP grant is a conditional grant to provide capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure. | | |
| 26.07 Expanded Public Works Program (EPWP) | | |
| Grants Received | 1 210 000 | 1 000 000 |
| Transferred to Revenue - Operating | (1 210 000) | (1 000 000) |
| Closing Unspent Balance | - | - |
| The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines. | | |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

| | 2017 R | 2016 R |
|----------------------------------------------------------------------------------------------------------|------------------|----------------|
| 26 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED) | | |
| 26.08 Library Grant | | |
| Opening Unspent Balance | - | - |
| Grants Received | 5 350 000 | 4 270 000 |
| Transferred to Revenue - Capital | (430 061) | (10 319) |
| Transferred to Revenue - Operating | (4 919 939) | (4 259 681) |
| Closing Unspent Balance | - | - |
| The library grants is utilised to fund the cost of providing library services within the municipal area. | | |
| 26.09 Proclaimed Road Subsidy | | |
| Grants Received | 52 025 | 56 562 |
| Transferred to Revenue - Operating | (52 025) | (56 562) |
| Closing Unspent Balance | - | - |
| The subsidy is utilised to upgrade and maintain the provincial road network in the municipal area. | | |
| 26.10 Other Provincial Allocations | | |
| Opening Unspent Balance | 147 990 | 172 039 |
| Grants Received | 2 557 000 | 1 421 940 |
| Transferred to Revenue - Capital | (105 859) | (413 401) |
| Transferred to Revenue - Operating | (1 029 131) | (1 032 588) |
| Closing Unspent Balance | 1 570 000 | 147 990 |
| Other Provincial Allocations includes grants such as: | | |
| - Community Development Workers (CDW) | | |
| - Provincial Finance Management Support Grant | | |
| - Provincial Municipal Infrastructure Support Grant | | |
| - Thusong Centre Grant | | |
| - Department of Cultural Affairs and Sport | | |
| 26.11 Total Grants | | |
| Opening Unspent Balance | 278 750 | 172 039 |
| Grants Received | 45 421 118 | 43 091 032 |
| Transferred to Revenue - Capital | (10 815 689) | (12 898 517) |
| Transferred to Revenue - Operating | (33 735 113) | (30 085 805) |
| Transferred to Receivables | 420 934 | - |
| Closing Unspent Balance | 1 570 000 | 278 750 |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

| | 2017 R | 2016 R |
|------------------------------------------------|----------------|----------------|
| 27 PUBLIC CONTRIBUTIONS AND DONATIONS | | |
| Mayoral Golf Day | 30 585 | 35 220 |
| OK Napier | - | 493 825 |
| Betonmeesters | - | 163 146 |
| Marine Drive Cables | 57 358 | 76 812 |
| Bredasdorp Steenwerke | - | 81 830 |
| Haasbekkie Creshe | - | 1 000 |
| P & B Limeworks | 58 787 | - |
| Keurtjielaan 13 | 53 061 | - |
| Total | 199 791 | 851 832 |
| Disclosed as: | | |
| Public Contributions and Donations - Capital | 164 509 | 733 132 |
| Public Contributions and Donations - Operating | 35 282 | 118 700 |
| Total | 199 791 | 851 832 |

The movements per public contribution can be summarised as follows:

27.01 Mayoral Golf Day

| | | |
|--------------------------------------|---------------|---------------|
| Opening Unspent Balance | 30 585 | 46 357 |
| Public Contributions during the year | 37 262 | 19 448 |
| Transferred to Revenue - Operating | (30 585) | (35 220) |
| Closing Unspent Balance | 37 262 | 30 585 |

The public contribution relates to Mayoral Charity Golf Days held in Bredasdorp on 5 March 2016 and 3 March 2017. The funds raised at the event will be utilised to support Youth Development programmes in the municipal area.

27.02 OK Napier

| | | |
|--------------------------------------|----------|-----------|
| Public Contributions during the year | - | 493 825 |
| Transferred to Revenue - Capital | - | (493 825) |
| Closing Unspent Balance | - | - |

Contribution for the replacement of Transformer (From 315 to 500) in order to accommodate the electricity demand request of 250KVA from OK Napier.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

| | 2017 R | 2016 R |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------|
| 27 PUBLIC CONTRIBUTIONS AND DONATIONS (CONTINUED) | | |
| 27.03 Betonmeesters | | |
| Public Contributions during the year | - | 163 146 |
| Transferred to Revenue - Operating | - | (650) |
| Transferred to Revenue - Capital | - | (162 495) |
| Closing Unspent Balance | - | - |
| Contribution towards the connection of stand 4719 to the Cape Agulhas Municipality's electricity network. Cost for additional cable required. | | |
| 27.04 Marine Drive Cables | | |
| Opening Unspent Balance | 57 358 | - |
| Public Contributions during the year | - | 134 170 |
| Transferred to Revenue - Capital | (57 358) | (76 812) |
| Closing Unspent Balance | (57 358) | 57 358 |
| Contribution for the replacement of overhead lines with underground cable in Marine Drive (Andre Mouton - Stand 1251 & H Myburgh Stand 1021). | | |
| 27.05 Bredasdorp Steenwerke | | |
| Public Contributions during the year | - | 81 830 |
| Transferred to Revenue - Operating | - | (81 830) |
| Closing Unspent Balance | - | - |
| Social Contribution towards the Anene Booysen Skills Centre for additional capital work identified in consultation with the Department of Public Works & Transportation who was responsible for the management of the project. | | |
| 27.06 Haasbekkie Creshe | | |
| Public Contributions during the year | - | 1 000 |
| Transferred to Revenue - Operating | - | (1 000) |
| Closing Unspent Balance | - | - |
| Private contribution for the painting and maintenance of the Haasbekkie Creshe. | | |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

| | 2017 R | 2016 R |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| 27 PUBLIC CONTRIBUTIONS AND DONATIONS (CONTINUED) | | |
| 27.07 P & B Limeworks | | |
| Public Contributions during the year | 58 787 | - |
| Transferred to Revenue - Capital | (58 787) | - |
| Closing Unspent Balance | - | - |
| Contribution for a new overhead LT for connection to the feedlot and office of P & B Limeworks. | | |
| 27.08 Keurtjielaan 13 | | |
| Public Contributions during the year | 53 061 | - |
| Transferred to Revenue - Capital | (48 364) | - |
| Transferred to Revenue - Operating | (4 697) | - |
| Closing Unspent Balance | - | - |
| Contribution for the replacement of overhead lines with underground cable in Keurtjie Drive. | | |
| 27.09 Total | | |
| Opening Unspent Balance | 87 943 | 46 357 |
| Public Contributions during the year | 149 110 | 893 418 |
| Transferred to Revenue - Capital | (164 509) | (733 132) |
| Transferred to Revenue - Operating | (35 282) | (118 700) |
| Closing Unspent Balance | 37 262 | 87 943 |
| 28 FINES | | |
| Traffic Fines | 6 387 315 | 7 270 697 |
| Library Fines | 31 172 | 32 875 |
| Building Control | - | 4 177 |
| Total | 6 418 487 | 7 307 749 |
| In terms of the requirements of GRAP 23 and IGRAP1, all fines issued during the year less any cancellations or reductions identified are recognised as revenue. | | |
| 29 ACTUARIAL GAINS | | |
| Post Retirement Medical Benefits | 4 629 229 | - |
| Long Service Awards | 560 279 | - |
| Total | 5 189 508 | - |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

| | 2017 R | 2016 R |
|-----------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| 30 SERVICE CHARGES | | |
| Electricity Revenue | 95 089 987 | 85 550 702 |
| Water Revenue | 24 474 041 | 21 936 561 |
| Refuse Removal Revenue | 16 955 654 | 15 332 476 |
| Sewerage and Sanitation Revenue | 11 407 291 | 10 313 063 |
| Total Revenue | 147 926 973 | 133 132 802 |
| Less: Rebates | (8 810 441) | (7 864 651) |
| Water Revenue | (2 754 939) | (2 512 824) |
| Refuse Removal Revenue | (3 606 842) | (3 190 921) |
| Sewerage and Sanitation Revenue | (2 448 660) | (2 160 906) |
| Total | 139 116 532 | 125 268 151 |
| Rebates can be defined as any income that the Municipality is entitled to levy, but in terms of Council's own policy opted not to collect it. | | |
| 31 RENTAL OF FACILITIES AND EQUIPMENT | | |
| Halls and Offices | 308 544 | 255 408 |
| Properties | 1 257 023 | 911 727 |
| Resorts | 6 190 485 | 5 246 524 |
| Sports Grounds | 12 645 | 11 181 |
| Other | 18 070 | 15 917 |
| Total | 7 786 767 | 6 440 756 |
| 32 INTEREST EARNED - OUTSTANDING DEBTORS | | |
| Interest Earned - Service Debtors | 1 021 266 | 749 011 |
| Interest Earned - Penalty Interest on Property Rates | 542 267 | 419 642 |
| Total | 1 563 532 | 1 168 653 |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

| | 2017 R | 2016 R |
|---------------------------|------------------|------------------|
| 33 OTHER INCOME | | |
| Connections - Electricity | 1 476 296 | 590 834 |
| Connections - Water | 687 525 | 408 869 |
| Connections - Sewer | 257 004 | 128 482 |
| Building Plan Fees | 866 445 | 726 026 |
| Garden Refuse Removal | 19 185 | 19 843 |
| Sundry Income | 1 744 921 | 1 635 420 |
| Total | 5 051 376 | 3 509 474 |

Sundry income represents a wide range of revenue items (such as payroll commission, tender deposits, , burial fees, copies and faxes) which is not considered material to warrant separate disclosure in the financial statements.

| | | |
|-------------------------------------|--------------------|-------------------|
| 34 EMPLOYEE RELATED COSTS | | |
| Basic Salaries and Wages | 73 271 812 | 66 385 114 |
| Pension and UIF Contributions | 11 676 757 | 10 573 241 |
| Medical Aid Contributions | 3 936 984 | 3 316 960 |
| Overtime | 3 398 338 | 3 280 806 |
| Motor Vehicle Allowance | 5 421 893 | 5 147 335 |
| Cellphone Allowance | 416 395 | 349 795 |
| Housing Allowances | 1 014 498 | 1 084 248 |
| Other benefits and allowances | 3 949 628 | 4 263 282 |
| Workmens Compensation Contributions | 578 620 | 475 746 |
| Payments in lieu of leave | 1 302 914 | 1 415 177 |
| Long service awards | 561 403 | 460 270 |
| Post Retirement Medical Benefits | 2 402 556 | 2 073 591 |
| Total | 107 931 799 | 98 825 565 |

The total employee related cost includes temporary workers funded from the Expanded Public Works Programme Grant, Financial Management Grant, Municipal Infrastructure Grant and internal funded job creation programmes over the festive season.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

34

EMPLOYEE RELATED COSTS (CONTINUED)

Remuneration of Key Personnel

All Managers are appointed on a 5-year contract, except for the current Chief Financial Officer (Mr PJ van Biljon) who is appointed on a 3 and a half year contract. There are no post-employment or termination benefits payable to them at the end of the contract period. The benefits are as follows:

Remuneration of the Municipal Manager - D O'Neill

| | 2017 R | 2016 R |
|-------------------------------|------------------|------------------|
| Basic Salary | 1 148 092 | 1 079 718 |
| Pension and UIF Contributions | 210 587 | 193 610 |
| Medical Aid Contributions | 45 552 | 45 046 |
| Performance Bonus | 191 966 | 179 407 |
| Motor Vehicle Allowance | 104 730 | 113 100 |
| Cellphone Allowance | 4 018 | 4 122 |
| Payments in lieu of leave | 76 610 | - |
| Other benefits and allowances | 17 688 | 25 199 |
| Total | 1 799 243 | 1 640 202 |

Remuneration of the Community Services Manager - KM Mrali

| | | |
|-------------------------------|------------------|------------------|
| Basic Salary | 804 875 | 757 625 |
| Pension and UIF Contributions | 160 365 | 146 652 |
| Medical Aid Contributions | 46 452 | 44 441 |
| Performance Bonus | 104 400 | 95 570 |
| Motor Vehicle Allowance | 39 534 | 46 170 |
| Cellphone Allowance | 138 | 1 782 |
| Other benefits and allowances | 11 137 | 24 737 |
| Total | 1 166 902 | 1 116 976 |

Remuneration of the Corporate Services Manager - S Ngwevu

| | | |
|-------------------------------|------------------|------------------|
| Basic Salary | 804 875 | 757 625 |
| Pension and UIF Contributions | 160 366 | 146 992 |
| Medical Aid Contributions | 46 452 | 45 946 |
| Performance Bonus | 104 400 | 97 570 |
| Motor Vehicle Allowance | 50 344 | 73 504 |
| Cellphone Allowance | 16 200 | 14 277 |
| Payments in lieu of leave | 9 697 | - |
| Other benefits and allowances | 16 071 | 27 632 |
| Total | 1 208 404 | 1 163 546 |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

| | 2017 R | 2016 R |
|-------------------------------------------------------------------------|------------------|------------------|
| 34 EMPLOYEE RELATED COSTS (CONTINUED) | | |
| Remuneration of the Civil Engineering Services Manager - N Kotze | | |
| Basic Salary | 781 763 | 734 513 |
| Pension and UIF Contributions | 154 330 | 142 593 |
| Medical Aid Contributions | 46 452 | 45 046 |
| Performance Bonus | 104 400 | 124 150 |
| Motor Vehicle Allowance | 72 577 | 85 244 |
| Cellphone Allowance | 5 487 | 4 140 |
| Payments in lieu of leave | 25 117 | - |
| Other benefits and allowances | 11 915 | 20 646 |
| Total | 1 202 041 | 1 156 334 |
| Remuneration of the Chief Financial Officer - PJ Van Biljon | | |
| Basic Salary | 893 962 | 837 604 |
| Pension and UIF Contributions | 162 698 | 160 691 |
| Medical Aid Contributions | 45 645 | 37 921 |
| Performance Bonus | 121 921 | 145 021 |
| Motor Vehicle Allowance | 132 204 | 139 851 |
| Cellphone Allowance | 14 400 | 19 548 |
| Other benefits and allowances | 19 105 | 5 926 |
| Total | 1 389 935 | 1 346 563 |
| 35 REMUNERATION OF COUNCILLORS | | |
| Councillor Allowance | 2 820 441 | 2 212 249 |
| Cellphone Allowance | 269 571 | 205 589 |
| Motor Vehicle Allowance | 1 112 101 | 854 423 |
| Pension and UIF Contributions | 541 337 | 352 700 |
| Total | 4 743 451 | 3 624 961 |

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and one mayoral committee member are full-time. They are provided with secretarial support and an office each at the cost of the Council.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

35

REMUNERATION OF COUNCILLORS

The municipal election took place on 3 August 2016 and new councillors were elected as from 15 August 2016. The composition of the Council were as follows prior to and subsequent the elections:

Outgoing Council

| | | 2017 R | 2016 R |
|-------------------------------|----------------|-----------|-----------|
| Executive Mayor | R G Mitchell | 88 220 | 732 325 |
| Executive Deputy Mayor | D Jantjies | 64 385 | 592 635 |
| Speaker | E C Marthinus | 64 385 | 590 327 |
| Councillor - Full time (MPAC) | M R Mokotwana | 69 838 | 554 871 |
| Councillor - Part time | P N Atyhosi | 29 255 | 236 369 |
| Councillor - Part time | J G A Niewoudt | 28 566 | 238 469 |
| Councillor - Part time | G D Burger | 28 566 | 236 369 |
| Councillor - Part time | J A Coetzee | - | 37 116 |
| Councillor - Part time | W J October | - | 55 674 |
| Councillor - Part time | Z Tonisi | 28 504 | 197 699 |
| Councillor - Part time | E Sauls | 41 663 | 153 106 |

Incoming Council

| | | | |
|-------------------------------|----------------|---------|---|
| Executive Mayor | P J Swart | 700 042 | - |
| Executive Deputy Mayor | Z Tonisi | 565 880 | - |
| Speaker | J G A Niewoudt | 562 860 | - |
| Councillor - Full time (MPAC) | G D Burger | 529 291 | - |
| Councillor - Full time (MPAC) | M October | 530 439 | - |
| Councillor - Part time | D Jantjies | 241 517 | - |
| Councillor - Part time | E C Marthinus | 241 517 | - |
| Councillor - Part time | E Sauls | 222 422 | - |
| Councillor - Part time | C J Jacobs | 235 367 | - |
| Councillor - Part time | R J Baker | 235 367 | - |
| Councillor - Part time | D J Europa | 235 367 | - |

Total

4 743 451

3 624 961

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

| | 2017 R | 2016 R |
|---------------------------------------------|-------------------|-------------------|
| 36 DEBT IMPAIRMENT | | |
| Receivables from exchange transactions | 4 913 913 | 3 697 267 |
| Receivables from non-exchange transactions | 5 892 062 | 4 730 488 |
| Total Debt Impairment | 10 805 975 | 8 427 756 |
| Movement in VAT included in debt impairment | (210 134) | (205 862) |
| Total | 10 595 841 | 8 221 894 |
| 37 DEPRECIATION AND AMORTISATION | | |
| Investment Property | 8 530 | 8 530 |
| Property, Plant and Equipment | 9 562 799 | 9 227 934 |
| Intangible Assets | 319 083 | 284 835 |
| Capitalised Restoration Cost (PPE) | 1 129 143 | 1 202 362 |
| Total | 11 019 554 | 10 723 661 |

38 REPAIRS AND MAINTENANCE

In the current year the Accounting Standards Board (ASB) issued a FAQ which states that the line item "Repairs and Maintenance" is no longer permitted in the Statement of Financial Performance, and that the said expenditure should be reclassified by it's nature. Accordingly, the the items were reclassified to the following line items.

| | | |
|------------------------|-------------------|-------------------|
| Employee Related Costs | 10 625 835 | 9 353 983 |
| Contracted Services | 4 223 700 | 3 162 544 |
| Other Expenditure | 8 877 469 | 8 032 395 |
| | 23 727 004 | 20 548 922 |

In line with the requirements of GRAP 17, the repairs and maintenance related expenditure can be attributed to the following asset classes:

| | | |
|---------------------------------------|-------------------|-------------------|
| Furniture, Office Equipment and Tools | 683 227 | 679 685 |
| Buildings and Commonage | 2 890 018 | 2 397 420 |
| Computer Software | 2 657 948 | 2 064 831 |
| Vehicles | 1 927 837 | 2 049 332 |
| Infrastructure: Roads and Stormwater | 5 126 613 | 3 778 021 |
| Infrastructure: Electricity | 2 553 183 | 2 541 124 |
| Infrastructure: Sewerage | 3 103 148 | 2 443 597 |
| Infrastructure: Water | 3 578 109 | 3 784 895 |
| Infrastructure: Refuse | 1 206 920 | 810 017 |
| Total | 23 727 004 | 20 548 922 |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

| | 2017 R | 2016 R |
|-------------------------------------------|-------------------|-------------------|
| 39 ACTUARIAL LOSSES | | |
| Post Retirement Medical Benefits | - | 1 870 418 |
| Long Service Awards | - | 350 956 |
| Total | - | 2 221 374 |
| 40 FINANCE CHARGES | | |
| Finance Charges - Cash | 353 392 | 140 796 |
| Annuity Loans | 301 929 | 53 412 |
| Finance Lease Liabilities | 51 463 | 87 384 |
| Finance Charges - Non-Cash | 8 953 703 | 7 494 776 |
| Rehabilitation Provision - Landfill Sites | 4 044 343 | 3 665 191 |
| Post Retirement Medical Benefits | 4 296 452 | 3 376 361 |
| Long Service Awards | 612 908 | 453 224 |
| Total | 9 307 095 | 7 635 572 |
| 41 BULK PURCHASES | | |
| Electricity | 72 911 171 | 66 876 228 |
| Water | 170 577 | 76 971 |
| Total | 73 081 748 | 66 953 199 |
| 42 CONTRACTED SERVICES | | |
| Audit Committee | 87 205 | 55 250 |
| Cleaning Services | 15 445 | 70 007 |
| Clearing & Grass Cutting Services | 65 340 | 66 210 |
| Debt Collection Services | 146 378 | 39 021 |
| Information Technology Support | 793 080 | 787 480 |
| Legal fees | 553 326 | 779 069 |
| Maintenance of Buildings and Facilities | 973 061 | 326 073 |
| Maintenance of Equipment | 1 704 523 | 1 835 553 |
| Professional Services | 4 682 131 | 2 539 080 |
| Property Valuation | 1 288 496 | 316 685 |
| Refuse Removal | 1 409 352 | 1 299 260 |
| Roads and Stormwater | 81 025 | 22 126 |
| Security Services | 711 819 | 746 393 |
| Traffic Fine Management | 514 411 | 470 402 |
| Total | 13 025 589 | 9 352 610 |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

| | 2017 R | 2016 R |
|---------------------------------------|------------------|------------------|
| 43 TRANSFERS AND GRANTS | | |
| Contribution - Elim Community | 300 000 | 300 000 |
| Contribution - Kassiebaai Community | 120 000 | 120 000 |
| Contribution - Shipwreck Museum | 50 000 | 50 000 |
| Contribution - Tourism Buro | 858 000 | 820 000 |
| Contribution - Overberg Radio | 100 000 | 75 000 |
| Public Funded Grants | 30 585 | 118 043 |
| Subsidy - Low Cost Housing | 6 401 | 8 308 |
| Total | 1 464 986 | 1 491 350 |
| 44 OTHER EXPENDITURE | | |
| Advertising | 224 646 | 327 656 |
| Audit fees | 2 864 867 | 3 026 233 |
| Bank Charges | 884 652 | 758 462 |
| Bursaries | 526 514 | 165 546 |
| Chemicals | 2 308 712 | 1 927 158 |
| Cleaning material | 232 863 | 232 667 |
| Cleaning Projects | 189 147 | 44 239 |
| Cleaning services & washing | 102 425 | 105 990 |
| Commission Paid | 1 362 317 | 1 222 177 |
| Conferences & Seminars | 60 922 | 60 012 |
| Contributions - Pensioners | 72 583 | 124 991 |
| Courier Charges | 27 716 | 21 910 |
| Donations | 119 000 | 108 000 |
| Entertainment costs | 232 676 | 233 429 |
| Equipment Hire | 881 402 | 981 272 |
| Free Basic Electricity | 389 039 | 212 605 |
| Fuel Cost | 2 819 103 | 2 675 322 |
| Insurance | 644 565 | 532 620 |
| License fees | 1 195 523 | 1 354 154 |
| License fees - Vehicles | 132 767 | 125 823 |
| Life Guards (Beaches) | 196 049 | 164 736 |
| Local Economic Development | 50 563 | 22 593 |
| Maintenance Materials and Small Tools | 5 837 406 | 4 404 952 |
| Marketing | 491 805 | 386 753 |
| Oil & Lubricants | 101 905 | 214 368 |
| Postage | 836 962 | 751 124 |
| Printing & Stationery | 696 263 | 689 469 |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

| | 2017 R | 2016 R |
|-------------------------------------------------------------------------------------|-------------------|-------------------|
| 44 OTHER EXPENDITURE (CONTINUED) | | |
| Protective Clothing | 543 417 | 445 397 |
| Public Communication | 148 867 | 179 921 |
| Recruiting Costs | - | 5 800 |
| Refuse Bags | 678 177 | 442 117 |
| Rental Paid | 690 824 | 901 823 |
| Service Charges | 942 383 | 817 929 |
| Service connections - new | 166 648 | 290 567 |
| Shared Services - Risk Management | 181 946 | 128 547 |
| Social Assistance | 67 195 | 48 500 |
| Socio-Economic Development | 243 719 | 196 404 |
| Structure - & Zoning planning | 953 065 | 542 885 |
| Subscriptions - Organisations | 1 031 853 | 887 115 |
| Subsistence & Travel Allowances | 667 406 | 781 319 |
| Telephone costs | 1 030 318 | 1 336 779 |
| Training & Development - Staff | 1 222 684 | 1 141 163 |
| Training Levy | 953 991 | 765 410 |
| Travel & Subsistence | 17 358 | 30 367 |
| Tyres | 645 613 | 406 176 |
| Union Representative | 40 101 | 15 556 |
| Vehicle Tracking | 16 995 | 16 839 |
| Ward Committees | 512 300 | 518 524 |
| Water Treatment | 175 860 | 632 929 |
| Other | 1 432 118 | 1 138 718 |
| Total | 35 845 228 | 32 545 046 |
| 45 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 | | |
| 45.01 RECEIVABLES FROM EXCHANGE TRANSACTIONS | | |
| Balance previously reported | | 24 337 359 |
| Correction of recoverable training expenditure on 30 June 2015 - Refer to note 45.1 | | (548 167) |
| Restated Balance on 30 June 2016 | | 23 789 192 |
| 45.02 OPERATING LEASE ASSET | | |
| Balance previously reported | | 63 532 |
| Correction of lease agreements previously not included in lease asset | | 45 431 |
| Effect up to 30 June 2015 - Refer to note 45.1 | | 9 410 |
| Effect during 2015/2016 - Refer to note 45.11 | | 36 021 |
| Restated Balance on 30 June 2016 | | 108 964 |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

45

PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)

2016
R

45.03 INVESTMENT PROPERTY

| | |
|-------------------------------------------------------|-------------------|
| Balance previously reported | 40 247 559 |
| Recognise land previously not accounted for | 639 000 |
| Effect up to 30 June 2015 (Cost) - Refer to note 45.1 | 319 000 |
| Effect during 2015/2016 (Cost) - Refer to note 45.11 | 320 000 |
| Restated Balance on 30 June 2016 | 40 886 559 |

45.04 PROPERTY PLANT AND EQUIPMENT

| | |
|----------------------------------------------------------------------------------------------------------|--------------------|
| Balance previously reported | 312 690 314 |
| Remove duplicated Electricity Infrastructure from asset register | (175 873) |
| Effect up to 30 June 2015 (Cost) - Refer to note 45.1 | (309 822) |
| Effect up to 30 June 2015 (Depreciation) - Refer to note 45.1 | 123 654 |
| Effect during 2015/2016 (Depreciation) - Refer to note 45.11 | 10 295 |
| Rectify asset allocations between various asset classes | - |
| Effect on Land and Buildings up to 30 June 2015 (Cost) | (94 000) |
| Effect on Land and Buildings up to 30 June 2015 (Accumulated Depreciation) | 16 325 |
| Effect on Land and Buildings up to 30 June 2016 (Depreciation) | 940 |
| Effect on Community Assets up to 30 June 2015 (Cost) | 94 000 |
| Effect on Community Assets up to 30 June 2015 (Accumulated Depreciation) | (16 325) |
| Effect on Community Assets up to 30 June 2016 (Depreciation) | (940) |
| Effect on Other Assets up to 30 June 2015 (Cost) | (749 260) |
| Effect on Other Assets up to 30 June 2015 (Accumulated Depreciation) | 224 915 |
| Effect on Other Assets up to 30 June 2016 (Depreciation) | 24 975 |
| Effect on Infrastructure Roads up to 30 June 2015 (Cost) | 749 260 |
| Effect on Infrastructure Roads up to 30 June 2015 (Accumulated Depreciation) | (224 915) |
| Effect on Infrastructure Roads up to 30 June 2016 (Depreciation) | (24 975) |
| Maintenance materials incorrectly capitalised as work in progress during 2016/2017 - Refer to note 45.11 | (298 214) |
| Recognise land previously not accounted for - Refer to note 45.1 | 470 000 |
| Restated Balance on 30 June 2016 | 312 686 226 |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

| | | 2016 R |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| 45 | PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED) | |
| | 45.05 INTANGIBLE ASSETS | |
| | Balance previously reported | 882 653 |
| | Correction of excessive amortisation written off during 2015/2016 - Refer to note 45.11 | 7 850 |
| | Restated Balance on 30 June 2016 | 890 502 |
| | 45.06 PAYABLES FROM EXCHANGE TRANSACTIONS | |
| | Balance previously reported | 5 868 080 |
| | Eskom service charges incorrectly not raised in the correct financial period | 3 700 781 |
| | Effect up to 30 June 2015 - Refer to note 45.1 | 3 298 254 |
| | Effect during 2015/2016 - Refer to note 45.11 | 402 527 |
| | Payables relating to hosting of Mayoral Golf Day in 2016 not fully included in records for the year ending 30 June 2016 - Refer to note 45.07 | 29 085 |
| | Restated Balance on 30 June 2016 | 9 597 946 |
| | 45.07 UNSPENT PUBLIC CONTRIBUTIONS | |
| | Balance previously reported | 117 028 |
| | Payables relating to hosting of Mayoral Golf Day in 2016 not fully included in records for the year ending 30 June 2016 - Refer to note 45.06 | (29 085) |
| | Restated Balance on 30 June 2016 | 87 943 |
| | 45.08 PROVISIONS | |
| | Balance previously reported | 3 858 715 |
| | Provisions incorrectly disclosed as 'current' when there are no intention or budget allocation to incur the expenditure within 12 months of reporting date - Refer to note 45.09 | (3 858 715) |
| | Restated Balance on 30 June 2016 | - |
| | 45.09 NON-CURRENT PROVISIONS | |
| | Balance previously reported | 58 361 946 |
| | Provisions incorrectly disclosed as 'current' when there are no intention or budget allocation to incur the expenditure within 12 months of reporting date - Refer to note 45.08 | 3 858 715 |
| | Restated Balance on 30 June 2016 | 62 220 661 |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

| | | 2016 R |
|----|-----------------------------------------------------------------------------------------------------------------|--------------------|
| 45 | PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED) | |
| | 45.10 ACCUMULATED SURPLUS | |
| | Balance previously reported | 297 395 270 |
| | Corrections relating to 2015/2016 - Refer to note 45.11 | (326 575) |
| | <u>Corrections up to 30 June 2015</u> | |
| | Eskom service charges incorrectly not raised in the correct financial period - Refer to note 45.06 | (3 298 254) |
| | Correction of recoverable training expenditure on 30 June 2015 - Refer to note 45.01 | (548 167) |
| | Correction of lease agreements previously not included in lease asset - Refer to note 45.02 | 9 410 |
| | Remove duplicated Electricity Infrastructure from asset register - Refer to note 45.04 | (186 168) |
| | Recognise land previously not accounted for up to 30 June 2015 - Refer to note 45.04 | 470 000 |
| | Recognise Investment Properties previously not accounted for up to 30 June 2015 - Refer to note 45.03 | 319 000 |
| | Restated Balance on 30 June 2016 | 293 834 516 |
| | 45.11 STATEMENT OF FINANCIAL PERFORMANCE | |
| | Balance previously reported | 4 436 563 |
| | Eskom service charges incorrectly not raised in the correct financial period - Refer to note 45.06 | (402 527) |
| | Correction of lease agreements previously not included in lease asset - Refer to note 45.02 | 36 021 |
| | Remove duplicated Electricity Infrastructure from asset register - Refer to note 45.04 | 10 295 |
| | Maintenance materials incorrectly capitalised as work in progress during 2016/2017 - Refer to note 45.04 | (298 214) |
| | Correction of allocation between operating and capital due to incorrect capitalisation of Maintenance Materials | - |
| | Effect on Government Grants and Subsidies - Operating | 298 214 |
| | Effect on Government Grants and Subsidies - Capital | (298 214) |
| | Correction of excessive amortisation written off during 2015/2016 - Refer to note 45.05 | 7 850 |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

| | | 2016 R |
|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| 45 | PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED) | |
| | Recognise land previously not accounted for during 2016/2017 (Donated) - Refer to note 45.03 | 320 000 |
| | Workmens Compensation incorrectly disclosed as part of Other Expenditure | - |
| | Effect on Employee Related Costs | (475 746) |
| | Effect on Other Expenditure | 475 746 |
| | Correct treatment of revenue and expenditure relating to the housing function performed as agent on behalf of the department | - |
| | Effect on Government Grants and Subsidies - Operating | (6 668 615) |
| | Effect on Other Expenditure | 6 668 615 |
| | Restated Balance on 30 June 2016 | 4 109 988 |
| 46 | PRIOR PERIOD ADJUSTMENTS - RECLASSIFICATION IN TERMS OF GRAP 1 | |
| 46.01 | STATEMENT OF FINANCIAL PERFORMANCE | |
| | In the current year the Accounting Standards Board (ASB) issued a FAQ which states that the line item "Repairs and Maintenance" is no longer permitted in the Statement of Financial Performance and that the said expenditure should be reclassified by it's nature. Accordingly all prior year "Repairs and Maintenance" expenditure was reallocated to line items based on nature as follows:: | |
| | Effect on Other Expenditure | (7 734 181) |
| | Effect on Contracted Services | (3 162 544) |
| | Effect on Repairs and Maintenance | 11 194 208 |
| | Effect on Employee Related Costs | (297 483) |
| | Net Effect on Surplus for the Year | - |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

47

NET CASH FROM OPERATING ACTIVITIES

Net Surplus for the year

Adjusted for:

Non-Cash Revenue

Reversal of Impairments

Actuarial Gains

Gain on Disposal of PPE

Decrease in Landfill Site Provision

Contributed Assets

Non-Cash Expenditure

Debt Impairment

Depreciation and Amortisation

Actuarial losses

Finance Charges

Loss on disposal of PPE

Contributions - Provisions and Employee Benefits

Post Retirement Medical Benefits

Long Service Awards

Performance Bonuses

Bonuses

Staff Leave

Expenditure - Provisions and Employee Benefits

Post Retirement Medical Benefits

Long Service Awards

Performance Bonuses

Bonuses

Staff Leave

Other adjustments

Bad Debts Written Off

Movement on Operating Lease Asset

Movement on Operating Lease Liability

Operating Surplus before changes in working capital

Movement in working capital

Receivables (Exchange and Non-Exchange)

Inventory

Payables from exchange transactions

Unspent Conditional Government Grants

Unspent Public Contributions

Taxes

Cash Flow from Operating Activities

2017

R

2016

R

2 723 376

4 109 988

(5 930 127)

(4 034 126)

-

(3 535)

(5 189 508)

-

(12 000)

(3 631 584)

(8 554)

(13 116)

(720 066)

(385 890)

31 257 891

29 010 687

10 595 841

8 221 894

11 019 554

10 723 661

-

2 221 374

8 953 703

7 494 776

688 792

348 983

9 886 933

8 944 798

2 402 556

2 073 591

561 403

460 270

602 988

784 941

5 017 071

4 210 819

1 302 914

1 415 177

(7 513 765)

(5 879 341)

(938 637)

(748 314)

(307 457)

(562 989)

(627 086)

(643 748)

(4 678 750)

(3 637 229)

(961 834)

(287 062)

(9 145 474)

(1 696 355)

(9 099 083)

(1 669 480)

(31 793)

(37 218)

(14 598)

10 343

21 278 833

30 455 651

12 556 882

(20 831 537)

(9 428 819)

(16 006 258)

151 898

(29 231)

21 881 913

(5 609 081)

1 291 250

106 711

(50 681)

41 586

(1 288 680)

664 736

33 835 715

9 624 114

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

| | 2017 R | 2016 R |
|----------------------------------------------------------|-------------------|-------------------|
| 48 CASH AND CASH EQUIVALENTS | | |
| Cash and Cash Equivalents comprise out of the following: | | |
| Primary Bank Account | 24 345 119 | 14 369 648 |
| Cash Floats | 16 350 | 14 150 |
| Total | 24 361 469 | 14 383 798 |

Refer to note 2 for more details relating to cash and cash equivalents.

49 BUDGET COMPARISONS

49.1 COMPARABLE BASIS

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats

The following items are affected by these classification differences:

Statement of financial position

Consumer Debtors consist out of both Receivables from Exchange Transactions as well as the Rates Receivable.

Other Receivables incorporate all other current receivable balances not specifically provided for in the National Treasury formats.

Trade and Other Payables incorporates Payable from exchange transactions, Unspent grants, Unspent public contributions, Taxes and Operating lease liabilities.

Employee Benefits and Provisions (Current and Non-Current) are included under the provisions line item in the budget statements.

Statement of financial performance

The statement of financial performance is comparable on a line by line basis except for the following items:

The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement. Other revenue per budget statement consist out of the following line items - Public Contributions and donations, Other Income and Insurance Receipts.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

49 BUDGET COMPARISONS (CONTINUED)

Depreciation and Amortisation and Impairments are aggregated on the budget statements while it is shown separately on the Statement of Financial Performance

The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Expenditure in the budget statement. Other Expenditure per budget statement consist out of the following line items - Other Expenditure, Repairs and Maintenance and Actuarial Losses.

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

49.2 MATERIAL VARIANCES

Statement of financial position - Budget Adjustments

| | |
|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Cash | Align budget to the financial year's projected actual cash results based on the anticipated revenue and expenditure trends. |
| Consumer Debtors | Incorporate the most recent actual assumptions in the full year forecast (ie Recovery Rates) for Consumer Debtors as well as revised revenue trends. |
| Other Receivables | An adjustment is required due to the projected downward in levels of fines issued during the current year. |
| Current portion of Long-Term Receivables | The amount is not regarded as significant |
| Inventory | Align budget to the projected actual results |
| Long-Term Receivables | Align the budget to the actual projected forecast |
| Investment Property | Align budget to the prior year actual results. |
| Property, Plant And Equipment | Align budget to the prior year actual results and incorporate adjustments to proposed capital budget and depreciation charges. |
| Intangible Assets | Align budget to additional needs requirements identified and the new projected actual results. |
| Capitalised Restoration Cost | Align budget to the projected actual results and the adjustments is not regarded as significant compared to the total value reflected for capitalised restoration cost |
| Borrowing (Current and Non-Current) | Adjust according to proposed capital program to be financed from Annuity Loans and Finance Leases. |
| Consumer Deposits | Adjustment not regarded as significant |
| Trade and Other Payables | Adjust payables in line with revised and projected expenditure trends and assumptions relating to period of payment days. |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

49

BUDGET COMPARISONS (CONTINUED)

| | |
|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Provisions and Employee Benefits (Current and Non-Current) | Account mainly for revised expenditure forecast received from the Actuaries relating to Employee Benefits (Long Service and Post Employment Health Benefits) |
| Accumulated Surplus | Account based on the projected revenue and expenditure forecast as well as proposed contributions to the Capital Replacement Reserve. |
| Reserves | Account for the adequate level of Capital Replacement Reserve based on anticipated Cash levels on 30 June 2017. |

Statement of financial position - Budget versus Actual

| | |
|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Cash | Although the deviation is not regarded as significant the main reason can be attributed due to lower than anticipated expenditure levels and cost saving measures employed by the municipality. |
| Consumer Debtors | Main reason for the deviation is due to under budgeting as a result of the poor economic circumstances / debtor payments |
| Other Receivables | Full year actuals significant higher than anticipated due to the provision of the housing grant not foreseen during the budget approval. |
| Property, Plant And Equipment | Deviation mainly as a result of the underspending on the Capital Budget. |
| Capitalised Restoration Cost | Provision for the restoration cost of the landfill site is slightly higher than anticipated provision based on assumptions applied to unwind the provision in the current year. |
| Trade and Other Payables | The significant deviation can mainly be attributed to the Escom accounts and ASLA creditor provision for work completed in respect of housing not paid at year-end in order to manage payables within the 30 day period. |
| Provisions and Employee Benefits (Current and Non-Current) | Deviation mainly as a result of the provision relating to the landfill site which been adjusted to non-current based on the anticipated date of restoration. |
| Accumulated Surplus | Cost Saving Measures resulted in higher than anticipated net surplus for the current year. |
| Reserves | Higher than anticipated Cash levels contribution to a higher level of Reserves that can be maintained. (No deviation reflected due to adjustments made) |

Statement of financial performance - Budget Adjustments

| | |
|-----------------------|------------------------------------------------------------------------------------------------------------------|
| Service Charges (All) | Budget adjustments to account for revised revenue projections based on mid-year actuals and prior year results. |
| Fines | No deviation anticipated during the mid-year budget assessment - deviation reflected not regarded as significant |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

49

BUDGET COMPARISONS (CONTINUED)

| | |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| Licences and Permits | Align budget adjustments to account for projected revenue based on mid-year actuals and prior year results. |
| Transfers Recognised - Operational | Adjustment mainly due to correction of treatment of the principle agency agreement between the municipality and the department of housing. |
| Other Income | Budget adjustments to account for revised revenue projections based on mid-year actuals and prior year results. |
| Employee Related Costs | Budget adjustment not regarded as significant. |
| Debt Impairment | None based on projected expenditure and debtor payment trends. |
| Depreciation & Asset Impairment | Not necessary to align current year budget based on prior year actuals and anticipated capital program employed in current year. |
| Finance Charges | Adjust budget estimates aligned with the revised projected expenditure forecasts. |
| Bulk Purchases | Downward adjustment for Electricity Bulk Purchases based on mid-year actual results and revised consumption anticipated for the full financial year. |
| Contracted Services | Adjustment to account for additional anticipated expenditure requirements. |
| General Expenses | Adjustment mainly due to correction of treatment of the principle agency agreement between the municipality and the department of housing. |
| Contributions Recognised - Capital | Account for numerous public contributions received in the current year and / or rolled over from the previous year. |

Statement of financial performance - Budget versus Actual

| | |
|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| Service Charges - Electricity Revenue | Deviation not regarded as significant. |
| Service Charges - Water Revenue | Deviation due to the increase in water usage in excess of revenue projections. |
| Service Charges - Sanitation Revenue | Deviation mainly due to the impact of the increase revenue for septic tanks not fully budgeted for. |
| Service Charges - Refuse Revenue | Deviation not regarded as significant. |
| Rental of Facilities and equipment | Deviation not regarded as significant. |
| Interest Earned - Outstanding Debtors | Deviation not regarded as significant. |
| Fines | Decrease in traffic fines mainly due to the adherence to legislative requirements which impacted negatively on the operations of law enforcement. |
| Licences and Permits and Agency Services | Budget based on actual results in previous years and the deviation not regarded as significant |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

49

BUDGET COMPARISONS (CONTINUED)

| | |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Transfers Recognised - Operational | Deviation as a result of the housing allocation not received as anticipated according to the DoRA allocations promulgated. |
| Other Revenue | Due to the sundry nature of this line item, the actual results of the prior year is used as basis for current year budget. |
| Gains on Disposal of PPE | Properties sold not provided for in budget. |
| Employee Related Costs | Deviation mainly the result of the adjustment of expenditure in line with nature (GRAP 1) |
| Debt Impairment | Deviation mainly the result of a decrease in the payment percentage of receivables. |
| Depreciation & Asset Impairment | Deviation not regarded as material. |
| Bulk Purchases | Deviation not regarded as material. |
| Contracted Services | Deviation due to the change in the disclosure of repairs & maintenance according to the nature of expenditure which was not anticipated in terms of the projected expenditure forecasts. |
| Other Expenditure | Deviation mainly as a result of cost saving measures, unrealistic budget cost estimates and the decrease in the housing allocation not accounted for in the budget. |
| Loss on Disposal of PPE | Loss mainly the result of assets not verified during asset count. Municipality did not budget for losses. |

Cash Flow Statement - Budget Adjustments

| | |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| Property Rates and Service Charges | Incorporate latest payment percentages and revised revenue projections into the cash flow forecast. |
| Other Revenue | Account for anticipated increase in revenue to be generated based on projected trends. |
| Government - Operating | Decrease of the Housing allocations in terms of the DoRA promulgation. |
| Government - Capital | Adjustment not regarded material. |
| Suppliers and Employees | Adjustment mainly due to anticipated cost saving measures and unrealistic budget estimates. |
| Cash available on reporting dates | Align budget to prior year actual results and incorporate the anticipated revenue and expenditure trends in the full year projection for Cash. |

Cash Flow Statement - Budget versus Actual

| | |
|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Other Revenue | Deviation mainly due to less than expected cash flow realised from prior year asset sales (R3 million), while the budgeted cash flow incorrectly included actuarial gains (R5.2 million) which is not an cash flow item. |
| Government - Operating | Deviation mainly due lower than expected transfers from the Department of Human Settlements (Housing grant) during the year. Approximately R14.6 million less than DORA allocation. |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

49 BUDGET COMPARISONS (CONTINUED)

| | |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Government - Capital | Deviation not regarded as material |
| Interest | Higher Cash levels than anticipated resulting in higher interest yields |
| Suppliers and Employees | Cost saving measures resulting in lower than expected expenditure trends |
| Finance Charges | Projects funded from loans were procured later than anticipated and the deviation is not regarded as material. |
| Proceeds on Disposal of PPE | Proceeds on disposal of assets were anticipated and budgeted for. |
| Capital Assets | The Capital Budget was not fully spent in the current year combined with certain projects that did not materialise before year-end. |
| New Loans Raised and Repaid | Projects funded from loans were completed later than anticipated which resulted that the expected loan funding was only deposited into the municipality bank account after year-end. |

50 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

50.1 UNAUTHORISED EXPENDITURE

Unauthorised expenditure consist out of the following:

| | | |
|---------------------------------------------------|------------------|-------------|
| Opening balance | - | 7 445 269 |
| Unauthorised expenditure current year - operating | 1 993 509 | - |
| Unauthorised expenditure current year - capital | - | - |
| Approved by Council | - | (7 445 269) |
| Unauthorised expenditure awaiting approval | 1 993 509 | - |

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

50

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

| | 2017 (Actual) R | 2017 (Final Budget) R | 2017 (Unauthorised) R |
|---------------------------------------------|-----------------------|-----------------------------|-----------------------------|
| Unauthorised expenditure - Operating | | | |
| Executive and Council | 16 710 911 | 17 808 880 | - |
| Budget and Treasury Office | 40 470 260 | 38 749 702 | 1 720 558 |
| Corporate Services | 25 731 055 | 27 073 058 | - |
| Community and Social Services | 39 436 642 | 57 611 635 | - |
| Electricity | 83 915 244 | 84 583 783 | - |
| Infrastructure | 61 439 972 | 61 167 021 | 272 951 |
| Total | 267 704 084 | 286 994 079 | 1 993 509 |
| Unauthorised expenditure - Capital | | | |
| Executive and Council | 189 429 | 556 990 | - |
| Budget and Treasury Office | 2 451 992 | 2 738 960 | - |
| Corporate Services | 2 289 475 | 2 450 680 | - |
| Community and Social Services | 2 306 106 | 3 254 420 | - |
| Electricity | 4 347 480 | 4 389 909 | - |
| Infrastructure | 12 695 151 | 14 773 656 | - |
| Total | 24 279 633 | 28 164 615 | - |
| | | 2017 R | 2016 R |

50.2 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure consist out of the following:

| | | |
|-------------------------------------------------------------|----------------|----------------|
| Opening balance | 208 230 | 17 617 |
| Fruitless and wasteful expenditure incurred | 441 754 | 208 230 |
| Approved by Council | (208 230) | (17 617) |
| Fruitless and wasteful expenditure awaiting approval | 441 754 | 208 230 |

Details of Fruitless and wasteful expenditure incurred :

| | | |
|--------------------------------------------------|---------|---|
| Land Survey contract not completed and cancelled | 430 920 | - |
| Unlock Office doors | 890 | - |
| Missed flight and arrange for shuttle services | 600 | - |
| Accommodation cancelled with no refund | 1 200 | - |
| Telephone Directory publication cancelled | 8 144 | - |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

50

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

| | 2017 R | 2016 R |
|-----------------------------------------------------------------------------------------------------------------|----------------|----------------|
| Interest on late payments | - | 1 468 |
| Telephone Services Cancelled although Telkom continue to charge the municipality with the incorrect amounts due | - | 114 442 |
| Rothman Building partially used and cannot cancel the agreement prior to the expiry date. | - | 84 575 |
| Rental of two fax machines although not utilised anymore | - | 7 745 |
| Total | 441 754 | 208 230 |

The fruitless and wasteful expenditure has been referred to the internal audit and MPAC for further investigation. No recovery, disciplinary steps or criminal proceedings were instituted as a result of fruitless and wasteful expenditure incurred which be subject the outcome of the investigation report.

50.3 IRREGULAR EXPENDITURE

Irregular expenditure consist out of the following:

| | | |
|------------------------------------------------|----------------|----------------|
| Opening balance | 237 855 | 717 098 |
| Irregular expenditure incurred | 272 339 | 237 855 |
| Approved by Council | (237 855) | (717 098) |
| Irregular expenditure awaiting approval | 272 339 | 237 855 |

Details of Irregular expenditure incurred :

| | | |
|----------------------------------------------------------------------------------------------------|----------------|----------------|
| Identified irregular expenditure in terms of the SCM policy acquisition procedures | - | 2 456 |
| Identified irregular expenditure in terms of the SCM policy - Split of Projects | 72 269 | - |
| Contravention of SCM Regulation 29 (4) | 200 070 | - |
| Non-Compliance in terms of section 65(2)(a) of the MFMA to ensure a system of expenditure control | - | 188 252 |
| Non-Compliance in terms of section 9(1) of the Preferential Procurement Policy Framework Act, 2000 | - | 47 147 |
| Total | 272 339 | 237 855 |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

50 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

2017 2016

The irregular expenditure has been referred to internal audit and MPAC for further investigation. No recovery, disciplinary steps or criminal proceedings were instituted as a result of irregular expenditure incurred which be subject the outcome of the investigation.

50.4 MATERIAL LOSSES

Electricity distribution losses

| | | |
|----------------------------------------|------------|------------|
| - Units purchased (Kwh) | 74 511 070 | 74 127 122 |
| - Units lost during distribution (Kwh) | 4 840 087 | 5 337 657 |
| - Percentage lost during distribution | 6.50% | 7.20% |
| - Rand Value of Loss | 3 339 660 | 3 416 100 |

Water distribution losses

| | | |
|----------------------------------------|-----------|-----------|
| - Kilo litres purified | 2 586 927 | 2 099 039 |
| - Kilo litres lost during distribution | 452 288 | 399 170 |
| - Percentage lost during distribution | 17.48% | 19.02% |
| - Rand Value of Loss | 922 668 | 958 008 |

2017 2016
R R

51 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

51.1 Salga Contributions [MFMA 125 (1)(b)]

| | | |
|----------------------------|--------------------|------------------|
| Opening balance | (911 278) | (847 413) |
| Expenditure incurred | 995 778 | 847 413 |
| Payments | (1 138 411) | (911 278) |
| Payments in advance | (1 053 911) | (911 278) |

51.2 Audit Fees [MFMA 125 (1)(c)]

| | | |
|----------------------------------|-------------|-------------|
| Opening balance | - | - |
| Expenditure incurred | 2 952 071 | 3 505 156 |
| External Audit - Auditor-General | 2 864 867 | 3 449 906 |
| Audit Committee | 87 205 | 55 250 |
| Payments | (2 952 071) | (3 505 156) |
| Outstanding Balance | - | - |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

51 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

| | 2017 R | 2016 R |
|--------------------------------------------------------|------------------|--------------------|
| 51.3 VAT [MFMA 125 (1)(c)] | | |
| Opening balance | 674 370 | 431 506 |
| Amounts received during the year | (741 012) | (628 231) |
| Amounts paid during the year | 4 424 882 | 2 674 930 |
| Amounts claimed - current year | 653 198 | 871 094 |
| Amounts payable - current year | (5 183 568) | (2 674 930) |
| Outstanding Balance | (172 130) | 674 370 |
| Vat in suspense due to cash basis of accounting | 130 397 | (2 004 783) |

VAT is accounted for on the cash basis. All VAT returns have been submitted by the due date throughout the year.

51.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]

| | | |
|----------------------------|--------------|--------------|
| Payments due to SARS | 14 952 798 | 13 404 986 |
| Payments | (14 952 798) | (13 404 986) |
| Outstanding Balance | - | - |

51.5 PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]

| | | |
|----------------------------------------------|--------------|--------------|
| Payments due to pension fund and medical aid | 26 214 163 | 22 971 248 |
| Payments | (26 214 163) | (22 971 248) |
| Outstanding Balance | - | - |

51.6 COUNCILLORS ARREAR ACCOUNTS [MFMA 124 (1)(b)]

The following Councillor were in arrears:

| | | |
|---------------------|---|-------|
| Councillor Z Tonisi | - | 2 999 |
|---------------------|---|-------|

Arrangements were made to settle the outstanding debt on 30 June 2016 and the full amount was paid during August 2016. There were no outstanding balances to report on in 2017.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

51 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

2017
R

2016
R

51.7 QUOTATIONS AWARDED - DEVIATIONS FROM SCM

Approved deviations from Supply Chain Management Regulations were identified on the following categories:

Emergency (SCM 36 (1) (a) (i)):

| | | |
|--------------------------------|----------------|--------------|
| Less than R 30 000 | 46 969 | 4 905 |
| Between R 30 000 and R 200 000 | 142 565 | - |
| Total | 189 534 | 4 905 |

Sole Provider (SCM 36 (1) (a) (ii)):

| | | |
|--------------------------------|----------------|---------------|
| Less than R 30 000 | 179 625 | 46 603 |
| Between R 30 000 and R 200 000 | 257 062 | 34 337 |
| More than R 200 000 | 226 005 | - |
| Total | 662 692 | 80 940 |

Impractical or Impossible (SCM 36 (1) (a) (v)):

| | | |
|--------------------------------|------------------|------------------|
| Less than R 30 000 | 391 492 | 154 787 |
| Between R 30 000 and R 200 000 | 1 026 380 | 333 044 |
| More than R 200 000 | 1 666 776 | 1 312 758 |
| Total | 3 084 648 | 1 800 589 |

Total Deviations

| | | |
|--------------------------------|------------------|------------------|
| Less than R 30 000 | 618 086 | 206 295 |
| Between R 30 000 and R 200 000 | 1 426 007 | 367 380 |
| More than R 200 000 | 1 892 781 | 1 312 758 |
| Total | 3 936 874 | 1 886 433 |

51.8 OTHER NON-COMPLIANCE [MFMA 125(2)(e)]

None

51.9 TRADING WITH EMPLOYEES IN SERVICE OF THE STATE

During the period under review, the municipality engaged with the following employees in service of the state (SCM 44)

None

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

| | | 2017 R | 2016 R |
|-----------|----------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|------------------|
| 51 | ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED) | | |
| | During the year under review, the municipality engaged with the following entities where spouses of suppliers are in service of the state (SCM 45) | | |
| | <u>Name (State institution)</u> | <u>Supplier name</u> | |
| | TL Du Toit (Department of Health) | Cape Agulhas Civils | 5 468 551 |
| | N Eksteen (Shareholder in Premium Computers & Stationers and in service of Denel) | Canfred Computers T/A Premium Computers & Stationers | 373 658 |
| | V Zeeman (Spouse of owner is employed by Overberg District Municipality) | DC Zeeman t/a Alliminium Design | 94 800 |
| | Spouse of Director is employed by Western Cape Education Department | Ikapa Reticulation & Flow | 421 633 |
| | Spouse of Director employed by the City of Cape Town | NCC Environmental Services | 34 200 |
| | Total | 6 392 843 | 4 212 480 |
| 52 | CAPITAL COMMITMENTS | | |
| | Commitments in respect of Capital Expenditure: | 1 472 947 | 2 541 828 |
| | Approved and contracted for: | | |
| | VESTA i.r.o Asset register (Additional cost not part of the National Treasury - RT25 Tender) | 1 150 000 | - |
| | Supply and erection of fencing at boreholes - Bredasdorp | 122 947 | - |
| | Construction of Thusong Centre - Phase 2 | - | 1 363 369 |
| | Supply & Delivery of Hydraulic Sweeper | - | 248 560 |
| | Time and Attendance System | 200 000 | 929 898 |
| | Total | 1 472 947 | 2 541 828 |
| | This expenditure will be financed from: | | |
| | Government Grants | - | 1 863 369 |
| | External Loans | - | 248 560 |
| | Internal Funding - CRR | 1 472 947 | 429 898 |
| | Total | 1 472 947 | 2 541 828 |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

53 FINANCIAL RISK MANAGEMENT

The municipality is potentially exposed to the following risks:

53.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The following financial assets are exposed to credit risk:

| | 2017 R | 2016 R |
|------------------------------------------|-------------------|-------------------|
| Cash and Cash Equivalents | 24 345 119 | 14 369 648 |
| Receivables from exchange transactions | 22 145 598 | 23 789 192 |
| Current Portion of Long-term Receivables | 31 117 | 27 208 |
| Long-Term Receivables | 196 035 | 227 042 |
| Total | 46 717 869 | 38 413 089 |

Cash and Cash Equivalents

Deposits of the municipality is only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

There are no restrictions on the cash deposits held, no cash were pledged as security and no collateral is held for any cash and cash equivalents, other than the following:

- Guarantees in favour of the following third parties - Post Office - R 50 000 (2016 - R 50 000)

Receivables from Exchange Transactions

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

53 FINANCIAL RISK MANAGEMENT (CONTINUED)

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be passed due.

Refer to note 3 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be passed due.

Also refer to note 3 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).

The following service receivables are passed due, but not impaired:

| | 2017 R | 2016 R |
|----------------|------------------|------------------|
| Electricity | 1 274 419 | 1 054 963 |
| Water | 628 710 | 594 946 |
| Refuse | 400 459 | 365 686 |
| Sewerage | 293 818 | 274 575 |
| Other Services | 997 021 | 623 997 |
| Total | 3 594 428 | 2 914 167 |

Long Term Receivables (including current portion)

Long Term Receivables are disclosed after taking into account any provision for impairment raised against the outstanding balance. Each outstanding balance are individually assessed for impairment.

No receivables were pledged as security for liabilities and no collateral is held from any of the counter parties.

53.2 Currency risk (Market Risk)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of

The financial instruments of the municipality is not directly exposed to any currency risk.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

53 FINANCIAL RISK MANAGEMENT (CONTINUED)

53.3 Interest rate risk (Market Risk)

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

| | 2017 R | 2016 R |
|-------------------------------------------------------------------|---------------------|---------------------|
| The following balances are exposed to interest rate fluctuations: | | |
| Cash and Cash Equivalents (Excluding Cash on Hand) | 24 345 119 | 14 369 648 |
| Long-term Liabilities (Including Current Portion) | (2 696 243) | (3 373 217) |
| Non-Current Provisions (Including Current Portion) | (66 297 464) | (62 220 661) |
| Net balance exposed | (44 648 588) | (51 224 230) |

Although the non-current provision is not defined as a financial instrument, the potential effect of changes in interest rates used to discount this balance over time, is included for the benefit of the user of the financial statements.

Potential effect of changes in interest rates on surplus and deficit for the year:

| | | |
|---------------------------------------------|-----------|-----------|
| 0.5% (2016 - 1%) increase in interest rates | (223 243) | (512 242) |
| 1% (2016 - 0%) decrease in interest rates | 446 486 | - |

South Africa have reached the turning point in the rates cycle and any further upward adjustments are remote.

53.4 Liquidity risk

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

53 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following balances are exposed to liquidity risk:

30 JUNE 2017

| | Within 1 Year | PAYABLE Two to five years | After five years |
|---------------------------------------|-------------------|------------------------------|--------------------|
| Annuity Loans | 580 658 | 2 142 751 | 601 168 |
| Finance Lease Liabilities | 361 515 | - | - |
| Rehabilitation Provision | - | 4 651 431 | 980 686 668 |
| Payables from exchange transactions | 29 862 536 | - | - |
| Unspent Conditional Government Grants | 1 570 000 | - | - |
| Unspent Public Contributions | 37 262 | - | - |
| Total | 32 411 970 | 6 794 182 | 981 287 836 |

30 JUNE 2016

| | Within 1 Year | PAYABLE Two to five years | After five years |
|---------------------------------------|------------------|------------------------------|--------------------|
| Annuity Loans | 758 856 | 2 081 304 | 987 637 |
| Finance Lease Liabilities | 437 020 | 361 515 | - |
| Rehabilitation Provision | - | 4 661 133 | 979 749 369 |
| Payables from exchange transactions | 8 118 218 | - | - |
| Unspent Conditional Government Grants | 278 750 | - | - |
| Unspent Public Contributions | 87 943 | - | - |
| Total | 9 680 787 | 7 103 952 | 980 737 006 |

Although the rehabilitation provision, the unspent conditional government grant and unspent public contribution is not defined as a financial instrument (due to the absence of a contracted counterparty for the balance), the potential outflow of cash resulting from these balances are included for the benefit of the user of the financial statements.

53.5 Other price risk (Market Risk)

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

53 FINANCIAL RISK MANAGEMENT (CONTINUED)

The municipality is not exposed to any other price risk.

54 FINANCIAL INSTRUMENTS

The municipality recognised the following financial instruments (All balances are recognised at amortised cost.)

Financial Assets

| | 2017 R | 2016 R |
|------------------------------------------|-------------------|-------------------|
| Cash and Cash Equivalents | 24 361 469 | 14 383 798 |
| Receivables from exchange transactions | 22 145 598 | 23 789 192 |
| Current Portion of Long-term Receivables | 31 117 | 27 208 |
| Long-Term Receivables | 196 035 | 227 042 |
| Total | 46 734 219 | 38 427 239 |

Financial Liabilities

| | | |
|------------------------------------------|-------------------|-------------------|
| Current Portion of Long-term Liabilities | 684 389 | 869 577 |
| Payables from exchange transactions | 29 862 536 | 8 118 218 |
| Unspent Conditional Government Grants | 1 570 000 | 278 750 |
| Unspent Public Contributions | 37 262 | 87 943 |
| Long-term Liabilities | 2 011 854 | 2 503 641 |
| Total | 34 166 041 | 11 858 129 |

55 STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:

Receivables from Non-Exchange Transactions

| | | |
|-----------------------|-------------------|-------------------|
| Rates | 7 972 196 | 6 167 613 |
| Unpaid Grants | 420 934 | - |
| Department of Housing | 8 572 180 | - |
| Fines | 7 613 700 | 8 123 981 |
| Total | 24 579 009 | 14 291 594 |

Refer to note 4 for more detail relating to the fines and rates receivables, including any provision for impairment raised against the gross amounts disclosed above.

| | | |
|----------------------------------------|------------------|----------------|
| Rates Receivable past due not impaired | 1 524 795 | 596 075 |
|----------------------------------------|------------------|----------------|

 AUDITOR-GENERAL
SOUTH AFRICA
Auditing to build public confidence
WS 30 November 2017

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

56 EVENTS AFTER REPORTING DATE

The Municipal Regulations on Standard Chart of Accounts promulgated in terms of Government Gazette 37577 dated 22 April 2014 apply to all municipalities and municipal entities and became effect as from 1 July 2017.

The main objective of this Regulations is to provide for a national standard in respect of uniform recording and classification of municipal budget and financial information at a transaction level by prescribing a standard chart of accounts for municipalities and municipal entities which-

(a) are aligned to the budget formats and accounting standards prescribed for municipalities and municipal entities and with the standard charts of accounts for national and provincial government; and

(b) enable uniform information sets recorded in terms of national norms and standards across the whole of government for the purposes of national policy coordination and reporting, benchmarking and performance measurement in the local government sphere.

The impact of this mSCOA regulations definitely affected the municipality's current business processes; transacting and reporting requirements.

In order for the municipality to ensure full compliance with the mSCOA regulations it was necessary to do an ICT Due Diligence report on the current financial system's capability and evaluate the performance of the vendors aligned with mSCOA requirements. Based on the assessment done an item was submitted to Council during March 2017 to consider the procurement of a new financial system (VESTA - Phoenix) by making use of the National Treasury RT25 transversal tender in order for the municipality to ensure full compliance and functionality as per mSCOA requirements with the effective date of implementation 1 July 2017.

57 IN-KIND DONATIONS AND ASSISTANCE

The Cape Agulhas Municipality during the financial year under review received the following assistance in-kind from the Department Community Safety providing 16 interns to assist with safety issues within the municipal area as well as the Department of Corporate Governance and Human Settlements involved with community development work. The mentioned assistance in-kind is not regarded as significant nor can it be measured reliably.

Refer to notes 19 and 27 for more detail regarding to public contributions and other assistance received. The municipality also received donated assets to the value of R 720 066 (2016 - R385 890.)

58 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

The municipality did not enter into any PPP's in the current and prior year.

59 CONTINGENT LIABILITIES

The municipality were exposed to the following contingent liabilities at year end:

59.1 The municipality does not have a permit or license for Waenhuiskrans landfill site currently in use and could be liable for a penalty in terms of section 24G of the Environmental Conservation Act. The municipality is in discussion with the Department of Environmental Affairs to address the outstanding issue.

59.2 Guarantees in favour of the following third parties - Post Office - R 50 000 (2016 - R 50 000)

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

60

RELATED PARTIES

Related parties are defined in note 1.35

All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge have been recognised in respect of amounts owed by related parties.

There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.

Remuneration of related parties are disclosed in notes 34 and 35

The Cape Agulhas Municipality as the holding entity had a 100% shareholding in the Southernmost Development Agency (SOC) LTD. As the parent entity of the Agency, the municipality resolved during the 2012/13 financial year to de-register the company. Although the de-registration process is as yet not been finalised on 30 June 2017, the company does not have any assets or liabilities on the reporting dates under review (30 June 2016 and 30 June 2017). The process to de-register the company is considered to be an administrative matter to be finalised and no further financial activities have been conducted in the company on or beyond 30 June 2015. Due to the de-registration no consolidated financial statements are prepared for the financial year under review.

The following purchases were made during the year where Councillors, Management or Employees have an interest:

| | | 2017 R | 2016 R |
|--------------------------------------------------------------------|-------------------------|----------------|---------------|
| <u>Entity</u> | <u>Employee</u> | | |
| Adonai Funeral Home (Brother of D Fredericks) | D Fredericks | 12 500 | 35 200 |
| Diedericks Construction (Brother of D Fredericks) | J Diedericks | 8 900 | - |
| F Pieterse (Spouse of F Pieterse) | F Pieterse | 4 900 | 20 190 |
| AC Rudolph (Parent of A Rudolph) | A Rudolph | 950 | - |
| Cape Agulhas Communications (Parent of H Spandiel) | H Spandiel | 31 948 | - |
| M.A.T Overberg Retailers (Spouses of J Teixeira & L Texeira) | J Teixeira & L Teixeira | - | 6 694 |
| M Waxa T/A Tamtura Waxa Taxi Services (Brother of X Waxa & T Waxa) | X Waxa & T Waxa | 7 700 | - |
| J Van Zyl (Parent of W van Zyl) | W Van Zyl | 34 410 | - |
| Total | | 101 308 | 62 084 |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

61 NATIONAL TREASURY APPROPRIATION STATEMENT

| | ORIGINAL BUDGET 2017 R | BUDGET ADJUSTMENTS 2017 R | FINAL BUDGET 2017 R | ACTUAL OUTCOME 2017 R | BUDGET VARIANCE 2017 R | RESTATED OUTCOME 2016 R |
|---------------------------------------|---------------------------------|------------------------------------|------------------------------|--------------------------------|---------------------------------|----------------------------------|
| Financial Performance | | | | | | |
| Property rates | 54 671 400 | (242 000) | 54 429 400 | 54 801 761 | 372 361 | 49 930 979 |
| Service charges | 138 723 271 | (1 181 732) | 137 541 539 | 139 116 532 | 1 574 993 | 125 268 151 |
| Investment revenue | 1 899 500 | 150 000 | 2 049 500 | 2 130 979 | 81 479 | 1 906 965 |
| Transfers recognised - operational | 60 774 936 | (7 858 687) | 52 916 249 | 33 735 113 | (19 181 136) | 30 085 805 |
| Other own revenue | 22 529 949 | 6 603 776 | 29 133 725 | 28 938 114 | (195 611) | 24 844 113 |
| Total Operating Revenue | 278 599 056 | (2 528 643) | 276 070 413 | 258 722 499 | (17 347 914) | 232 036 014 |
| Employee costs | 101 846 744 | 34 311 | 101 881 055 | 107 931 799 | 6 050 744 | 98 825 565 |
| Remuneration of councillors | 4 785 700 | - | 4 785 700 | 4 743 451 | (42 249) | 3 624 961 |
| Debt impairment | 7 400 200 | - | 7 400 200 | 10 595 841 | 3 195 641 | 8 221 894 |
| Depreciation & asset impairment | 10 887 600 | - | 10 887 600 | 11 019 554 | 131 954 | 10 723 661 |
| Finance charges | 8 526 822 | 930 591 | 9 457 413 | 9 307 095 | (150 318) | 7 635 572 |
| Materials and bulk purchases | 75 101 100 | (1 880 000) | 73 221 100 | 73 081 748 | (139 352) | 66 953 199 |
| Transfers and grants | 1 783 110 | 25 000 | 1 808 110 | 1 464 986 | (343 124) | 1 491 350 |
| Other expenditure | 87 053 686 | (9 500 785) | 77 552 901 | 49 559 610 | (27 993 291) | 44 468 013 |
| Total Expenditure | 297 384 962 | (10 390 883) | 286 994 079 | 267 704 084 | (19 289 995) | 241 944 215 |
| Surplus/(Deficit) | (18 785 906) | 7 862 240 | (10 923 666) | (8 981 585) | 1 942 081 | (9 908 201) |
| Transfers recognised - capital | 11 931 064 | (31 623) | 11 899 441 | 10 815 689 | (1 083 752) | 12 898 517 |
| Contributions Recognised - capital | - | 708 190 | 708 190 | 169 206 | (538 984) | 733 782 |
| Contributed Assets | - | 197 961 | 197 961 | 720 066 | 522 105 | 385 890 |
| Surplus/(Deficit) for the year | (6 854 842) | 8 736 768 | 1 881 926 | 2 723 376 | 841 450 | 4 109 988 |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

61 NATIONAL TREASURY APPROPRIATION STATEMENT (CONTINUED)

| | ORIGINAL BUDGET 2017 R | BUDGET ADJUSTMENTS 2017 R | FINAL BUDGET 2017 R | ACTUAL OUTCOME 2017 R | BUDGET VARIANCE 2017 R | RESTATED OUTCOME 2016 R |
|------------------------------------------------|---------------------------------|------------------------------------|------------------------------|--------------------------------|---------------------------------|----------------------------------|
| Capital expenditure & funds sources | | | | | | |
| Capital expenditure | 24 631 925 | 3 532 690 | 28 164 615 | 24 279 633 | (3 884 982) | 21 585 204 |
| Transfers recognised - capital | 11 931 060 | (31 619) | 11 899 441 | 10 815 689 | (1 083 752) | 13 196 731 |
| Public contributions & donations | - | 906 160 | 906 160 | 884 575 | (21 585) | 1 119 022 |
| Borrowing | 3 750 000 | 74 170 | 3 824 170 | 2 620 035 | (1 204 135) | 2 573 190 |
| Internally generated funds | 8 950 865 | 2 583 979 | 11 534 844 | 9 959 334 | (1 575 510) | 4 696 261 |
| Total sources of capital funds | 24 631 925 | 3 532 690 | 28 164 615 | 24 279 633 | (3 884 982) | 21 585 204 |
| Cash flows | | | | | | |
| Net cash from (used) operating | 12 058 124 | 23 810 908 | 35 869 032 | 33 835 715 | (2 033 318) | 9 624 114 |
| Net cash from (used) investing | (24 627 486) | (3 509 922) | (28 137 407) | (23 463 736) | 4 673 671 | (16 104 215) |
| Net cash from (used) financing | 3 376 479 | (811 422) | 2 565 056 | (394 307) | (2 959 364) | 2 029 807 |
| Net Cash Movement for the year | (9 192 883) | 19 489 564 | 10 296 681 | 9 977 672 | (319 010) | (4 450 295) |
| Cash/cash equivalents at beginning of year | 19 290 914 | (4 907 116) | 14 383 798 | 14 383 798 | - | 18 834 093 |
| Cash/cash equivalents at the year end | 10 098 032 | 14 582 447 | 24 680 479 | 24 361 470 | (319 010) | 14 383 797 |

Refer to Appendix F for more detail relating to the National Treasury Appropriation Statements

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2017

| INSTITUTION | LOAN NUMBER | RATE | REDEMPTION DATE | OPENING BALANCE 1 JULY 2016 R | RECEIVED DURING YEAR R | REDEEMED DURING YEAR R | CLOSING BALANCE 30 JUNE 2017 R |
|-----------------------------------------|----------------|--------|--------------------|----------------------------------------|------------------------------|------------------------------|-----------------------------------------|
| <u>ANNUITY LOANS</u> | | | | | | | |
| DBSA | B48 | 15.00% | 2017-06-30 | 214 132 | - | (214 132) | - |
| ABSA | 3044713107 | 10.60% | 2026-06-30 | 1 200 000 | - | (66 479) | 1 133 521 |
| ABSA | 88397067 | 10.60% | 2021-06-30 | 729 253 | - | (115 680) | 613 573 |
| ABSA | 88399019 | 10.60% | 2021-06-30 | 319 061 | - | (49 843) | 269 217 |
| ABSA | 88396435 | 10.60% | 2021-06-30 | 180 077 | - | (27 401) | 152 676 |
| ABSA | 88583065 | 10.60% | 2021-06-30 | - | 220 035 | (37 917) | 182 118 |
| Total Annuity Loans | | | | 2 642 522 | 220 035 | (511 452) | 2 351 106 |
| <u>FINANCE LEASE LIABILITIES</u> | | | | | | | |
| Nashua MP9002 | W883J900014 | 9.00% | 2017-02-28 | 41 236 | - | (41 236) | - |
| Nashua MP201SPFGY | W3049601665 | 9.37% | 2018-05-31 | 6 841 | - | (3 416) | 3 425 |
| Nashua MP201SPFGY | W3049601380 | 9.37% | 2018-05-31 | 6 841 | - | (3 416) | 3 425 |
| Nashua MP201SPFGY | W3049601292 | 9.37% | 2018-05-31 | 6 841 | - | (3 416) | 3 425 |
| Nashua MP201SPFGY | W3049601290 | 9.37% | 2018-05-31 | 6 841 | - | (3 416) | 3 425 |
| Nashua MP201SPFGY | W3049604821 | 9.37% | 2018-05-31 | 6 841 | - | (3 416) | 3 425 |
| Nashua MP201SPFGY | W3049604824 | 9.37% | 2018-05-31 | 6 841 | - | (3 416) | 3 425 |
| Nashua MP201SPFGY | W3049604805 | 9.37% | 2018-05-31 | 6 841 | - | (3 416) | 3 425 |
| Nashua MP201SPFGY | W3049604820 | 9.37% | 2018-05-31 | 6 841 | - | (3 416) | 3 425 |
| Nashua MP201SPFGY | W3049604818 | 9.37% | 2018-05-31 | 6 841 | - | (3 416) | 3 425 |
| Nashua MP301SPF | W914PC06432 | 9.37% | 2018-05-31 | 9 524 | - | (4 756) | 4 767 |
| Nashua MP301SPF | W914P407168 | 9.37% | 2018-05-31 | 9 524 | - | (4 756) | 4 767 |

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2017

| INSTITUTION | LOAN NUMBER | RATE | REDEMPTION DATE | OPENING BALANCE 1 JULY 2016 R | RECEIVED DURING YEAR R | REDEEMED DURING YEAR R | CLOSING BALANCE 30 JUNE 2017 R |
|-----------------------------------------------------|----------------|-------|--------------------|----------------------------------------|------------------------------|------------------------------|-----------------------------------------|
| <u>FINANCE LEASE LIABILITIES (CONTINUED)</u> | | | | | | | |
| Nashua MP301SPF | W914P407172 | 9.37% | 2018-05-31 | 9 524 | - | (4 756) | 4 767 |
| Nashua MP301SPF | W914P407173 | 9.37% | 2018-05-31 | 9 524 | - | (4 756) | 4 767 |
| Nashua MP301SPF | W914P407177 | 9.37% | 2018-05-31 | 9 524 | - | (4 756) | 4 767 |
| Nashua MP301SPF | W914P407185 | 9.37% | 2018-05-31 | 9 524 | - | (4 756) | 4 767 |
| Nashua MP301SPF | W914P407189 | 9.37% | 2018-05-31 | 9 524 | - | (4 756) | 4 767 |
| Nashua MP301SPF | W914P407191 | 9.37% | 2018-05-31 | 9 524 | - | (4 756) | 4 767 |
| Nashua MP301SPF | W914P407208 | 9.37% | 2018-05-31 | 9 524 | - | (4 756) | 4 767 |
| Nashua MP301SPF | W914P407225 | 9.37% | 2018-05-31 | 9 524 | - | (4 756) | 4 767 |
| Nashua MP301SPF | W914P407313 | 9.37% | 2018-05-31 | 9 524 | - | (4 756) | 4 767 |
| Nashua MP301SPF | W914P407315 | 9.37% | 2018-05-31 | 9 524 | - | (4 756) | 4 767 |
| Nashua MPC305SPF | W794P503261 | 9.37% | 2018-05-31 | 12 542 | - | (6 263) | 6 278 |
| Nashua MPC305SPF | W794P503262 | 9.37% | 2018-05-31 | 12 542 | - | (6 263) | 6 278 |
| Nashua MPC4503 | E174MC30441 | 9.37% | 2018-05-31 | 48 088 | - | (24 016) | 24 072 |
| Nashua MPC4503 | E174MC30439 | 9.37% | 2018-05-31 | 48 088 | - | (24 016) | 24 072 |
| Nashua HP T2500 | CN52EBH02X | 9.37% | 2018-05-31 | 145 002 | - | (72 415) | 72 587 |
| Nashua MP9002 | W884JC00043 | 9.37% | 2018-05-31 | 73 909 | - | (36 911) | 36 998 |
| Nashua MP9002 | W885J100084 | 9.37% | 2018-05-31 | 73 909 | - | (36 911) | 36 998 |
| Nashua MPC305SPF | W795P203788 | 9.37% | 2018-05-31 | 12 853 | - | (6 419) | 6 434 |
| Nashua MP2501SP | E335M220259 | 9.37% | 2018-05-31 | 25 156 | - | (12 563) | 12 593 |
| Nashua MP6002SP | W865J100087 | 9.37% | 2018-05-31 | 61 516 | - | (30 722) | 30 794 |
| Total Finance Lease Liabilities | | | | 730 695 | - | (385 557) | 345 138 |
| Total Long-Term Liabilities | | | | 3 373 217 | 220 035 | (897 009) | 2 696 243 |

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDING 30 JUNE 2017

| 30 June 2017 | Cost | | | | Accumulated Depreciation | | | | Carrying Value R |
|---------------------------------|----------------------|-------------------|------------------|----------------------|--------------------------|------------------|------------------|----------------------|---------------------|
| | Opening Balance R | Additions R | Disposals R | Closing Balance R | Opening Balance R | Additions R | Disposals R | Closing Balance R | |
| Land and Buildings | 84 035 635 | 723 861 | (105 000) | 84 654 496 | 10 399 983 | 270 011 | (22 886) | 10 647 109 | 74 007 387 |
| Land | 55 723 058 | - | (24 000) | 55 699 058 | - | - | - | - | 55 699 058 |
| Buildings | 28 312 578 | 723 861 | (81 000) | 28 955 439 | 10 399 983 | 270 011 | (22 886) | 10 647 109 | 18 308 330 |
| Infrastructure | 249 535 485 | 15 567 444 | (520 354) | 264 582 575 | 53 311 890 | 6 662 120 | (192 795) | 59 781 215 | 204 801 360 |
| Roads and Storm water | 89 241 084 | 7 408 302 | (140 800) | 96 508 586 | 13 533 831 | 2 278 368 | - | 15 812 199 | 80 696 387 |
| Electricity Network | 54 742 789 | 4 276 753 | (379 554) | 58 639 989 | 12 260 205 | 1 467 268 | (192 795) | 13 534 677 | 45 105 311 |
| Sewerage Network | 54 787 011 | 1 585 936 | - | 56 372 947 | 9 545 456 | 1 687 346 | - | 11 232 802 | 45 140 146 |
| Water Network | 48 664 942 | 2 296 453 | - | 50 961 394 | 16 560 673 | 1 151 746 | - | 17 712 420 | 33 248 975 |
| Refuse Removal | 2 099 659 | - | - | 2 099 659 | 1 411 726 | 77 392 | - | 1 489 118 | 610 541 |
| Community Assets | 23 909 346 | 2 163 692 | - | 26 073 038 | 2 497 500 | 315 226 | - | 2 812 725 | 23 260 313 |
| Cemeteries | 219 207 | - | - | 219 207 | 2 544 | 780 | - | 3 324 | 215 883 |
| Clinics | 201 995 | - | - | 201 995 | 30 012 | 1 920 | - | 31 932 | 170 062 |
| Community Halls | 11 638 828 | 800 612 | - | 12 439 440 | 356 108 | 116 556 | - | 472 664 | 11 966 776 |
| Libraries | 4 301 035 | 314 964 | - | 4 615 999 | 1 494 656 | 39 506 | - | 1 534 162 | 3 081 836 |
| Parks & Gardens | 1 920 132 | 907 716 | - | 2 827 848 | 173 275 | 46 309 | - | 219 584 | 2 608 264 |
| Recreation Grounds | 1 766 423 | - | - | 1 766 423 | 267 792 | 24 678 | - | 292 470 | 1 473 952 |
| Sports facilities | 3 861 727 | - | - | 3 861 727 | 173 112 | 85 477 | - | 258 589 | 3 603 138 |
| Markets | - | 140 400 | - | 140 400 | - | - | - | - | 140 400 |
| Lease Assets | 1 192 011 | - | - | 1 192 011 | 255 273 | 193 660 | - | 448 933 | 743 078 |
| Leased Assets - Office Machines | 1 192 011 | - | - | 1 192 011 | 255 273 | 193 660 | - | 448 933 | 743 078 |

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDING 30 JUNE 2017

| 30 JUNE 2017 (CONTINUED) | Cost | | | | Accumulated Depreciation | | | | Carrying Value R |
|--------------------------------|-------------------------|-------------------|--------------------|-------------------------|--------------------------|------------------|------------------|-------------------------|------------------------|
| | Opening Balance R | Additions R | Disposals R | Closing Balance R | Opening Balance R | Additions R | Disposals R | Closing Balance R | |
| Other Assets | 32 849 854 | 2 774 907 | (593 112) | 35 031 649 | 12 371 459 | 2 121 783 | (313 993) | 14 179 249 | 20 852 400 |
| Computer Hardware | 3 870 528 | 1 084 450 | (97 065) | 4 857 913 | 1 485 830 | 391 536 | (51 389) | 1 825 977 | 3 031 936 |
| Furniture and Office Equipment | 5 965 405 | 1 083 149 | (234 740) | 6 813 814 | 1 966 187 | 459 359 | (119 689) | 2 305 857 | 4 507 956 |
| Vehicles | 12 891 150 | 178 223 | (23 000) | 13 046 372 | 5 266 509 | 754 418 | (11 000) | 6 009 927 | 7 036 445 |
| Special Vehicles | 3 321 867 | 220 035 | - | 3 541 902 | 830 854 | 68 437 | - | 899 292 | 2 642 610 |
| Tools and Equipment | 4 306 698 | 202 756 | (183 672) | 4 325 782 | 1 608 871 | 321 953 | (98 381) | 1 832 442 | 2 493 340 |
| Other | 2 494 207 | 6 295 | (54 636) | 2 445 866 | 1 213 208 | 126 079 | (33 534) | 1 305 753 | 1 140 113 |
| Total | 391 522 331 | 21 229 904 | (1 218 466) | 411 533 770 | 78 836 106 | 9 562 799 | (529 674) | 87 869 232 | 323 664 539 |

The following work in progress balances are included in PPE

| | |
|-------------------------------------|------------------|
| Roads and Storm water | 4 732 892 |
| Electricity Network | 3 202 627 |
| Sewerage Network | 1 579 165 |
| Water Network | 20 879 |
| Community Assets | 140 400 |
| Total Work in Progress (WIP) | 9 675 962 |

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDING 30 JUNE 2017

| 30 JUNE 2016 | Cost | | | | Accumulated Depreciation | | | | Carrying Value R |
|---------------------------------|----------------------|-------------------|------------------|----------------------|--------------------------|------------------|------------------|----------------------|---------------------|
| | Opening Balance R | Additions R | Disposals R | Closing Balance R | Opening Balance R | Additions R | Disposals R | Closing Balance R | |
| Land and Buildings | 84 164 631 | 757 004 | (886 000) | 84 035 635 | 10 130 910 | 429 307 | (160 234) | 10 399 983 | 73 635 652 |
| Land | 55 723 058 | - | - | 55 723 058 | - | - | - | - | 55 723 058 |
| Buildings | 28 441 574 | 757 004 | (886 000) | 28 312 578 | 10 130 910 | 429 307 | (160 234) | 10 399 983 | 17 912 594 |
| Infrastructure | 238 377 202 | 11 206 103 | (47 821) | 249 535 485 | 46 935 710 | 6 396 170 | (19 989) | 53 311 890 | 196 223 594 |
| Roads and Storm water | 85 177 388 | 4 063 696 | - | 89 241 084 | 11 422 913 | 2 110 917 | - | 13 533 831 | 75 707 253 |
| Electricity Network | 50 762 797 | 4 017 423 | (37 431) | 54 742 789 | 10 868 300 | 1 403 142 | (11 238) | 12 260 205 | 42 482 585 |
| Sewerage Network | 51 712 176 | 3 085 225 | (10 390) | 54 787 011 | 7 898 013 | 1 656 194 | (8 751) | 9 545 456 | 45 241 555 |
| Water Network | 48 625 182 | 39 760 | - | 48 664 942 | 15 412 361 | 1 148 312 | - | 16 560 673 | 32 104 269 |
| Refuse Removal | 2 099 659 | - | - | 2 099 659 | 1 334 123 | 77 604 | - | 1 411 726 | 687 932 |
| Community Assets | 18 153 513 | 5 758 204 | (2 372) | 23 909 346 | 2 217 626 | 280 510 | (637) | 2 497 500 | 21 411 846 |
| Cemeteries | 219 207 | - | - | 219 207 | 1 764 | 780 | - | 2 544 | 216 663 |
| Clinics | 201 995 | - | - | 201 995 | 28 092 | 1 920 | - | 30 012 | 171 982 |
| Community Halls | 8 748 895 | 2 889 934 | - | 11 638 828 | 265 406 | 90 702 | - | 356 108 | 11 282 720 |
| Libraries | 4 297 285 | 3 750 | - | 4 301 035 | 1 431 263 | 63 394 | - | 1 494 656 | 2 806 378 |
| Parks & Gardens | 666 918 | 1 253 214 | - | 1 920 132 | 131 700 | 41 575 | - | 173 275 | 1 746 857 |
| Recreation Grounds | 1 766 423 | - | - | 1 766 423 | 243 614 | 24 178 | - | 267 792 | 1 498 630 |
| Sports facilities | 2 252 792 | 1 611 307 | (2 372) | 3 861 727 | 115 788 | 57 961 | (637) | 173 112 | 3 688 615 |
| Lease Assets | 1 096 561 | 144 800 | (49 349) | 1 192 011 | 89 837 | 213 596 | (48 159) | 255 273 | 936 738 |
| Leased Assets - Office Machines | 1 096 561 | 144 800 | (49 349) | 1 192 011 | 89 837 | 213 596 | (48 159) | 255 273 | 936 738 |

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDING 30 JUNE 2017

| 30 JUNE 2016 (CONTINUED) | Cost | | | | Accumulated Depreciation | | | | Carrying Value R |
|--------------------------------|--------------------|-------------------|--------------------|--------------------|--------------------------|------------------|------------------|--------------------|------------------------|
| | Opening Balance | Additions | Disposals | Closing Balance | Opening Balance | Additions | Disposals | Closing Balance | |
| | R | R | R | R | R | R | R | R | |
| Other Assets | 30 575 061 | 3 050 878 | (776 085) | 32 849 854 | 10 829 651 | 1 908 351 | (366 543) | 12 371 459 | 20 478 395 |
| Computer Hardware | 3 498 456 | 481 242 | (109 170) | 3 870 528 | 1 223 647 | 335 480 | (73 296) | 1 485 830 | 2 384 697 |
| Furniture and Office Equipment | 5 578 263 | 762 289 | (375 147) | 5 965 405 | 1 804 829 | 349 334 | (187 975) | 1 966 187 | 3 999 218 |
| Vehicles | 11 834 261 | 1 215 133 | (158 244) | 12 891 150 | 4 537 631 | 746 906 | (18 028) | 5 266 509 | 7 624 641 |
| Special Vehicles | 3 320 756 | 1 111 | - | 3 321 867 | 770 584 | 60 271 | - | 830 854 | 2 491 012 |
| Tools and Equipment | 3 914 384 | 485 529 | (93 215) | 4 306 698 | 1 371 906 | 294 711 | (57 746) | 1 608 871 | 2 697 827 |
| Other | 2 428 942 | 105 574 | (40 309) | 2 494 207 | 1 121 055 | 121 650 | (29 497) | 1 213 208 | 1 280 999 |
| Total | 372 366 969 | 20 916 990 | (1 761 627) | 391 522 331 | 70 203 734 | 9 227 934 | (595 562) | 78 836 106 | 312 686 226 |

The following work in progress balances are included in PPE.

| | |
|-------------------------------------|------------------|
| Roads and Storm water | 4 427 898 |
| Electricity Network | 2 029 217 |
| Water Network | 89 500 |
| Total Work in Progress (WIP) | 6 546 615 |

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES) FOR THE YEAR ENDING 30 JUNE 2017

| VOTE | 30 JUNE 2017 | | | 30 JUNE 2016 | | |
|-------------------------------|--------------------|----------------------|----------------------------|--------------------|----------------------|----------------------------|
| | REVENUE R | EXPENDITURE R | SURPLUS/ (DEFICIT) R | REVENUE R | EXPENDITURE R | SURPLUS/ (DEFICIT) R |
| Executive and Council | 14 205 290 | (16 710 911) | (2 505 621) | 13 252 297 | (15 089 808) | (1 837 511) |
| Budget and Treasury Office | 66 813 749 | (40 470 260) | 26 343 489 | 60 455 533 | (38 210 902) | 22 244 631 |
| Corporate Services | 3 338 746 | (25 731 055) | (22 392 309) | 2 668 680 | (22 772 701) | (20 104 021) |
| Community and Social Services | 21 919 210 | (39 436 642) | (17 517 431) | 20 664 315 | (34 556 661) | (13 892 345) |
| Electricity | 99 572 725 | (83 915 244) | 15 657 481 | 89 127 681 | (76 723 914) | 12 403 767 |
| Infrastructure | 64 577 739 | (61 439 972) | 3 137 767 | 59 885 696 | (54 590 229) | 5 295 467 |
| Total | 270 427 460 | (267 704 084) | 2 723 376 | 246 054 203 | (241 944 215) | 4 109 988 |

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX D (UNAUDITED)

ACTUAL VERSUS BUDGET- CAPITAL AND OPERATING EXPENDITURE (VOTES) FOR THE YEAR ENDING 30 JUNE 2017

| | ACTUAL R | BUDGET R | VARIANCE R | EXPLANATION FOR MATERIAL VARIANCES |
|-------------------------------|--------------------|--------------------|---------------------|---------------------------------------------------------------------------------------------------------------------------|
| OPERATING EXPENDITURE | | | | |
| Executive and Council | 16 710 911 | 17 808 880 | (1 097 969) | Deviation mainly due to cost saving measures and unrealistic budget estimates |
| Budget and Treasury Office | 40 470 260 | 38 749 702 | 1 720 558 | Deviation due to increased provision for leave and employee benefits not anticipated |
| Corporate Services | 25 731 055 | 27 073 058 | (1 342 003) | Deviation due to unrealistic budget estimates and grant allocated projects not completed |
| Community and Social Services | 39 436 642 | 57 611 635 | (18 174 993) | Deviation due to unrealistic budget estimates and treatment of agency-principle agreement with the department of housing. |
| Electricity | 83 915 244 | 84 583 783 | (668 539) | Deviation not regarded as material |
| Infrastructure | 61 439 972 | 61 167 021 | 272 951 | Although not regarded as material, the deviation is mainly due to unrealistic estimates. |
| Total | 267 704 084 | 286 994 079 | (19 289 995) | |
| CAPITAL EXPENDITURE | | | | |
| Executive and Council | 189 429 | 556 990 | (367 561) | Informal trading area project not completed and rolled over to the next financial year |
| Budget and Treasury Office | 2 451 992 | 2 738 960 | (286 968) | Deviation due to under budget estimates and not regarded as material |
| Corporate Services | 2 289 475 | 2 450 680 | (161 205) | Deviation as a result of unrealistic budget estimates and anticipated projects not completed. |
| Community and Social Services | 2 306 106 | 3 254 420 | (948 314) | Deviation as a result of unrealistic budget estimates and saving on completed project. |
| Electricity | 4 347 480 | 4 389 909 | (42 429) | Deviation due to unrealistic budget estimates and not regarded as material |
| Infrastructure | 12 695 151 | 14 773 656 | (2 078 505) | Deviation as a result of unrealistic budget estimates and anticipated projects not completed. |
| Total | 24 279 633 | 28 164 615 | (3 884 982) | |

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (UNAUDITED)

DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2017

| | OPENING BALANCE | GRANTS RECEIVED | TRANSFERRED TO REVENUE (OPERATING) | TRANSFERRED TO REVENUE (CAPITAL) | RECEIVABLE RECOGNISED | CLOSING BALANCE |
|--------------------------------------------|--------------------|--------------------|------------------------------------------|----------------------------------------|--------------------------|--------------------|
| | R | R | R | R | R | R |
| NATIONAL GOVERNMENT | | | | | | |
| Equitable Share | - | 23 075 000 | (23 075 000) | - | - | - |
| Financial Management Grant (FMG) | - | 1 475 000 | (767 145) | (707 855) | - | - |
| Municipal Systems Improvement Grant (MSIG) | - | - | - | - | - | - |
| Municipal Infrastructure Grant (MIG) | - | 10 501 000 | (1 929 086) | (8 571 914) | - | - |
| Skills Development Fund and SETA Bursaries | 130 760 | 201 093 | (752 787) | - | 420 934 | - |
| National Electrification Programme (INEP) | - | 1 000 000 | - | (1 000 000) | - | - |
| Expanded Public Works Program (EPWP) | - | 1 210 000 | (1 210 000) | - | - | - |
| Total | 130 760 | 37 462 093 | (27 734 018) | (10 279 769) | 420 934 | - |
| PROVINCIAL GOVERNMENT | | | | | | |
| Library Services | - | 5 350 000 | (4 919 939) | (430 061) | - | - |
| Proclaimed Road Subsidy | - | 52 025 | (52 025) | - | - | - |
| Community Development Workers | - | 56 000 | (56 000) | - | - | - |
| Finance Management Support Grant | 147 990 | - | (147 990) | - | - | - |
| mSCOA Support Grant | - | 220 000 | (220 000) | - | - | - |
| Graduate Bursary Scheme | - | 120 000 | - | - | - | 120 000 |
| DPLG Water Meters | - | 200 000 | - | - | - | 200 000 |
| Municipal Productivity Study | - | 300 000 | - | - | - | 300 000 |
| Regional Waste Investigation | - | 250 000 | - | - | - | 250 000 |
| Thusong Centre | - | 211 000 | (105 141) | (105 859) | - | - |
| Department of Cultural Affairs and Sport | - | 700 000 | - | - | - | 700 000 |
| Development of Electricity Master Plan | - | 500 000 | (500 000) | - | - | - |
| Total | 147 990 | 7 959 025 | (6 001 095) | (535 920) | - | 1 570 000 |
| ALL SPHERES GOVERNMENT | 278 750 | 45 421 118 | (33 735 113) | (10 815 689) | 420 934 | 1 570 000 |

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX F (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

| | ORIGINAL BUDGET 2017 R | BUDGET ADJUSTMENTS 2017 R | FINAL BUDGET 2017 R | ACTUAL OUTCOME 2017 R | BUDGET VARIANCE 2017 R | RESTATED OUTCOME 2016 R |
|--------------------------------------------|---------------------------------|------------------------------------|------------------------------|--------------------------------|---------------------------------|----------------------------------|
| REVENUE | | | | | | |
| Governance and administration | 77 523 100 | 5 769 648 | 83 292 748 | 83 144 628 | (148 120) | 75 386 238 |
| Executive and council | 15 373 100 | (1 198 410) | 14 174 690 | 14 205 290 | 30 600 | 13 252 297 |
| Budget and treasury office | 59 673 000 | 6 039 258 | 65 712 258 | 66 813 749 | 1 101 491 | 60 455 533 |
| Corporate services | 2 477 000 | 928 800 | 3 405 800 | 2 125 589 | (1 280 211) | 1 678 408 |
| Community and public safety | 51 737 600 | (9 757 539) | 41 980 061 | 21 919 210 | (20 060 851) | 20 664 315 |
| Community and social services | 6 148 300 | 229 961 | 6 378 261 | 6 328 157 | (50 104) | 5 107 940 |
| Sport and recreation | 6 600 600 | 12 500 | 6 613 100 | 6 397 209 | (215 891) | 5 677 972 |
| Public safety | 10 888 700 | - | 10 888 700 | 9 193 845 | (1 694 855) | 9 878 403 |
| Housing | 28 100 000 | (10 000 000) | 18 100 000 | - | (18 100 000) | - |
| Economic and environmental services | 12 323 800 | (179 565) | 12 144 235 | 11 973 909 | (170 326) | 12 663 701 |
| Planning and development | 12 323 800 | (179 565) | 12 144 235 | 11 973 909 | (170 326) | 12 663 701 |
| Trading services | 148 945 620 | 2 513 341 | 151 458 961 | 153 389 713 | 1 930 752 | 137 339 948 |
| Electricity | 97 117 907 | 2 513 341 | 99 631 248 | 99 572 725 | (58 523) | 89 127 681 |
| Water | 23 928 900 | - | 23 928 900 | 25 161 846 | 1 232 946 | 22 384 017 |
| Waste water management | 10 486 700 | - | 10 486 700 | 11 671 749 | 1 185 049 | 10 459 280 |
| Waste management | 17 412 113 | - | 17 412 113 | 16 983 393 | (428 720) | 15 368 970 |
| Total Revenue - Standard | 290 530 120 | (1 654 115) | 288 876 005 | 270 427 460 | (18 448 545) | 246 054 203 |

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX F (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

| | ORIGINAL BUDGET 2017 R | BUDGET ADJUSTMENTS 2017 R | FINAL BUDGET 2017 R | ACTUAL OUTCOME 2017 R | BUDGET VARIANCE 2017 R | RESTATED OUTCOME 2016 R |
|--------------------------------------------|---------------------------------|------------------------------------|------------------------------|--------------------------------|---------------------------------|----------------------------------|
| EXPENDITURE | | | | | | |
| Governance and administration | 76 132 871 | 1 348 009 | 77 480 880 | 76 851 408 | (629 472) | 71 079 227 |
| Executive and council | 18 464 910 | (656 030) | 17 808 880 | 16 710 911 | (1 097 969) | 15 089 808 |
| Budget and treasury office | 37 298 400 | 1 451 302 | 38 749 702 | 40 470 260 | 1 720 558 | 38 210 902 |
| Corporate services | 20 369 561 | 552 737 | 20 922 298 | 19 670 237 | (1 252 061) | 17 778 516 |
| Community and public safety | 66 769 960 | (9 806 925) | 56 963 035 | 38 896 616 | (18 066 419) | 33 934 445 |
| Community and social services | 13 917 260 | 144 677 | 14 061 937 | 13 672 653 | (389 284) | 11 760 345 |
| Sport and recreation | 9 822 300 | 196 688 | 10 018 988 | 9 956 097 | (62 891) | 9 311 048 |
| Public safety | 13 455 800 | (155 590) | 13 300 210 | 13 723 533 | 423 323 | 11 638 220 |
| Housing | 29 574 600 | (9 992 700) | 19 581 900 | 1 544 332 | (18 037 568) | 1 224 832 |
| Economic and environmental services | 26 114 110 | (1 212 232) | 24 901 878 | 24 682 505 | (219 373) | 21 234 875 |
| Planning and development | 9 806 910 | (471 300) | 9 335 610 | 9 046 679 | (288 931) | 7 903 682 |
| Road transport | 15 656 500 | (738 832) | 14 917 668 | 15 095 799 | 178 131 | 12 708 978 |
| Environmental protection | 650 700 | (2 100) | 648 600 | 540 026 | (108 574) | 622 216 |
| Trading services | 128 368 021 | (719 735) | 127 648 286 | 127 273 556 | (374 731) | 115 695 668 |
| Electricity | 86 008 942 | (1 425 159) | 84 583 783 | 83 915 244 | (668 539) | 76 723 914 |
| Water | 15 206 500 | 203 180 | 15 409 680 | 16 245 271 | 835 591 | 15 173 798 |
| Waste water management | 9 549 200 | 68 480 | 9 617 680 | 10 070 103 | 452 423 | 8 848 819 |
| Waste management | 17 603 379 | 433 764 | 18 037 143 | 17 042 936 | (994 207) | 14 949 136 |
| Total Expenditure - Standard | 297 384 962 | (10 390 883) | 286 994 079 | 267 704 084 | (19 289 995) | 241 944 215 |
| Surplus/(Deficit) for the year | (6 854 842) | 8 736 768 | 1 881 926 | 2 723 376 | 841 450 | 4 109 988 |

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX F (2) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

| | ORIGINAL BUDGET 2017 R | BUDGET ADJUSTMENTS 2017 R | FINAL BUDGET 2017 R | ACTUAL OUTCOME 2017 R | BUDGET VARIANCE 2017 R | RESTATED OUTCOME 2016 R |
|---------------------------------------|---------------------------------|------------------------------------|------------------------------|--------------------------------|---------------------------------|----------------------------------|
| REVENUE | | | | | | |
| Executive and Council | 15 373 100 | (1 198 410) | 14 174 690 | 14 205 290 | 30 600 | 13 252 297 |
| Budget and Treasury Office | 59 673 000 | 6 039 258 | 65 712 258 | 66 813 749 | 1 101 491 | 60 455 533 |
| Corporate Services | 3 368 700 | 910 900 | 4 279 600 | 3 338 746 | (940 854) | 2 668 680 |
| Community and Social Services | 51 737 600 | (9 757 539) | 41 980 061 | 21 919 210 | (20 060 851) | 20 664 315 |
| Electricity | 97 117 907 | 2 513 341 | 99 631 248 | 99 572 725 | (58 523) | 89 127 681 |
| Infrastructure | 63 259 813 | (161 665) | 63 098 148 | 64 577 739 | 1 479 591 | 59 885 696 |
| Total Revenue by Vote | 290 530 120 | (1 654 115) | 288 876 005 | 270 427 460 | (18 448 545) | 246 054 203 |
| EXPENDITURE | | | | | | |
| Executive and Council | 18 464 910 | (656 030) | 17 808 880 | 16 710 911 | (1 097 969) | 15 089 808 |
| Budget and Treasury Office | 37 298 400 | 1 451 302 | 38 749 702 | 40 470 260 | 1 720 558 | 38 210 902 |
| Corporate Services | 25 943 971 | 1 129 087 | 27 073 058 | 25 731 055 | (1 342 003) | 22 772 701 |
| Community and Social Services | 67 420 660 | (9 809 025) | 57 611 635 | 39 436 642 | (18 174 993) | 34 556 661 |
| Electricity | 86 008 942 | (1 425 159) | 84 583 783 | 83 915 244 | (668 539) | 76 723 914 |
| Infrastructure | 62 248 079 | (1 081 058) | 61 167 021 | 61 439 972 | 272 951 | 54 590 229 |
| Total Expenditure by Vote | 297 384 962 | (10 390 883) | 286 994 079 | 267 704 084 | (19 289 995) | 241 944 215 |
| Surplus/(Deficit) for the year | (6 854 842) | 8 736 768 | 1 881 926 | 2 723 376 | 841 450 | 4 109 988 |

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX F (3) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

REVENUE AND EXPENDITURE

| | ORIGINAL BUDGET 2017 R | BUDGET ADJUSTMENTS 2017 R | FINAL BUDGET 2017 R | ACTUAL OUTCOME 2017 R | BUDGET VARIANCE 2017 R | RESTATED OUTCOME 2016 R |
|----------------------------------------------------------------------|---------------------------------|------------------------------------|------------------------------|--------------------------------|---------------------------------|----------------------------------|
| REVENUE BY SOURCE | | | | | | |
| Property rates | 54 671 400 | (242 000) | 54 429 400 | 54 801 761 | 372 361 | 49 930 979 |
| Service charges - electricity revenue | 95 198 058 | 6 818 | 95 204 876 | 95 089 987 | (114 889) | 85 550 702 |
| Service charges - water revenue | 22 393 300 | (1 454 940) | 20 938 360 | 21 719 102 | 780 742 | 19 423 737 |
| Service charges - sanitation revenue | 7 527 900 | 371 340 | 7 899 240 | 8 958 631 | 1 059 391 | 8 152 157 |
| Service charges - refuse revenue | 13 604 013 | (104 950) | 13 499 063 | 13 348 813 | (150 250) | 12 141 555 |
| Rental of facilities and equipment | 7 664 400 | 47 100 | 7 711 500 | 7 786 767 | 75 267 | 6 440 756 |
| Interest earned - external investments | 1 899 500 | 150 000 | 2 049 500 | 2 130 979 | 81 479 | 1 906 965 |
| Interest earned - outstanding debtors | 876 000 | 677 060 | 1 553 060 | 1 563 532 | 10 472 | 1 168 653 |
| Fines | 8 538 000 | 1 500 | 8 539 500 | 6 418 487 | (2 121 013) | 7 307 749 |
| Licences and permits | 924 500 | - | 924 500 | 1 109 013 | 184 513 | 1 018 906 |
| Agency services | 1 373 900 | - | 1 373 900 | 1 614 960 | 241 060 | 1 520 406 |
| Transfers recognised - operational | 60 774 936 | (7 858 687) | 52 916 249 | 33 735 113 | (19 181 136) | 30 085 805 |
| Other revenue | 3 153 149 | 5 878 116 | 9 031 265 | 10 433 353 | 1 402 088 | 3 756 059 |
| Gains on disposal of Properties | - | - | - | 12 000 | 12 000 | 3 631 584 |
| Total Revenue (excluding capital transfers and contributions) | 278 599 056 | (2 528 643) | 276 070 413 | 258 722 499 | (17 347 914) | 232 036 014 |

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX F (3) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

REVENUE AND EXPENDITURE

| | ORIGINAL BUDGET 2017 R | BUDGET ADJUSTMENTS 2017 R | FINAL BUDGET 2017 R | ACTUAL OUTCOME 2017 R | BUDGET VARIANCE 2017 R | RESTATED OUTCOME 2016 R |
|---------------------------------------|---------------------------------|------------------------------------|------------------------------|--------------------------------|---------------------------------|----------------------------------|
| EXPENDITURE BY TYPE | | | | | | |
| Employee related costs | 101 846 744 | 34 311 | 101 881 055 | 107 931 799 | 6 050 744 | 98 825 565 |
| Remuneration of councillors | 4 785 700 | - | 4 785 700 | 4 743 451 | (42 249) | 3 624 961 |
| Debt impairment | 7 400 200 | - | 7 400 200 | 10 595 841 | 3 195 641 | 8 221 894 |
| Depreciation & asset impairment | 10 887 600 | - | 10 887 600 | 11 019 554 | 131 954 | 10 723 661 |
| Finance charges | 8 526 822 | 930 591 | 9 457 413 | 9 307 095 | (150 318) | 7 635 572 |
| Bulk purchases | 75 101 100 | (1 880 000) | 73 221 100 | 73 081 748 | (139 352) | 66 953 199 |
| Contracted services | 10 982 400 | (2 101 520) | 8 880 880 | 13 025 589 | 4 144 709 | 9 352 610 |
| Transfers and grants | 1 783 110 | 25 000 | 1 808 110 | 1 464 986 | (343 124) | 1 491 350 |
| Other expenditure | 76 071 286 | (7 399 265) | 68 672 021 | 35 845 228 | (32 826 793) | 34 766 420 |
| Loss on disposal of PPE | - | - | - | 688 792 | 688 792 | 348 983 |
| Total Expenditure | 297 384 962 | (10 390 883) | 286 994 079 | 267 704 084 | (19 289 995) | 241 944 215 |
| Surplus/(Deficit) | (18 785 906) | 7 862 240 | (10 923 666) | (8 981 585) | 1 942 081 | (9 908 201) |
| Transfers recognised - capital | 11 931 064 | (31 623) | 11 899 441 | 10 815 689 | (1 083 752) | 12 898 517 |
| Contributions Recognised - capital | - | 708 190 | 708 190 | 169 206 | (538 984) | 733 782 |
| Contributed Assets | - | 197 961 | 197 961 | 720 066 | 522 105 | 385 890 |
| Surplus/(Deficit) for the year | (6 854 842) | 8 736 768 | 1 881 926 | 2 723 376 | 841 450 | 4 109 988 |

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX F (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

CAPITAL EXPENDITURE

| | ORIGINAL BUDGET 2017 R | BUDGET ADJUSTMENTS 2017 R | FINAL BUDGET 2017 R | ACTUAL OUTCOME 2017 R | BUDGET VARIANCE 2017 R | RESTATED OUTCOME 2016 R |
|------------------------------------------|---------------------------------|------------------------------------|------------------------------|--------------------------------|---------------------------------|----------------------------------|
| CAPITAL EXPENDITURE (VOTE) | | | | | | |
| Multi-year expenditure | | | | | | |
| Budget and Treasury Office | - | 2 376 920 | 2 376 920 | 2 083 960 | (292 960) | - |
| Corporate Services | 80 000 | (57 600) | 22 400 | 22 379 | (21) | - |
| Community and Social Services | - | - | - | - | - | 1 098 293 |
| Infrastructure | 300 000 | - | 300 000 | - | (300 000) | 1 178 837 |
| Total Multi-year expenditure | 380 000 | 2 319 320 | 2 699 320 | 2 106 339 | (592 981) | 2 277 130 |
| Single-year expenditure | | | | | | |
| Executive and Council | 520 365 | 36 625 | 556 990 | 189 429 | (367 561) | 16 029 |
| Budget and Treasury Office | 419 100 | (57 060) | 362 040 | 368 032 | 5 992 | 25 287 |
| Corporate Services | 2 278 200 | 150 080 | 2 428 280 | 2 267 096 | (161 184) | 2 052 505 |
| Community and Social Services | 3 423 150 | (168 730) | 3 254 420 | 2 306 106 | (948 314) | 5 567 791 |
| Electricity | 3 640 429 | 749 480 | 4 389 909 | 4 347 480 | (42 429) | 4 019 936 |
| Infrastructure | 13 970 681 | 502 975 | 14 473 656 | 12 695 151 | (1 778 505) | 7 626 525 |
| Total Single-year expenditure | 24 251 925 | 1 213 370 | 25 465 295 | 22 173 294 | (3 292 001) | 19 308 074 |
| Total Capital Expenditure by Vote | 24 631 925 | 3 532 690 | 28 164 615 | 24 279 633 | (3 884 982) | 21 585 204 |

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX F (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

CAPITAL EXPENDITURE

| | ORIGINAL BUDGET 2017 R | BUDGET ADJUSTMENTS 2017 R | FINAL BUDGET 2017 R | ACTUAL OUTCOME 2017 R | BUDGET VARIANCE 2017 R | RESTATED OUTCOME 2016 R |
|------------------------------------------------------|---------------------------------|------------------------------------|------------------------------|--------------------------------|---------------------------------|----------------------------------|
| CAPITAL EXPENDITURE (STANDARD CLASSIFICATION) | | | | | | |
| Governance and administration | 3 297 665 | 2 448 965 | 5 746 630 | 4 930 896 | (815 734) | 2 093 822 |
| Executive and council | 520 365 | 36 625 | 556 990 | 189 429 | (367 561) | 16 029 |
| Budget and treasury office | 419 100 | 2 319 860 | 2 738 960 | 2 451 992 | (286 968) | 25 287 |
| Corporate services | 2 358 200 | 92 480 | 2 450 680 | 2 289 475 | (161 205) | 2 052 505 |
| Community and public safety | 3 423 150 | (168 730) | 3 254 420 | 2 306 106 | (948 314) | 6 666 084 |
| Community and social services | 1 452 950 | (298 200) | 1 154 750 | 980 168 | (174 582) | 4 808 783 |
| Sport and recreation | 1 941 200 | (66 830) | 1 874 370 | 1 100 673 | (773 697) | 1 377 242 |
| Public safety | 29 000 | 196 300 | 225 300 | 225 265 | (35) | 325 374 |
| Housing | - | - | - | - | - | 154 685 |
| Economic and environmental services | 9 737 297 | (118 523) | 9 618 774 | 8 748 538 | (870 236) | 4 243 325 |
| Planning and development | 1 702 289 | (536 723) | 1 165 566 | 1 118 772 | (46 794) | - |
| Road transport | 8 035 008 | 418 200 | 8 453 208 | 7 629 766 | (823 442) | 4 243 325 |
| Trading services | 8 173 813 | 1 370 978 | 9 544 791 | 8 294 093 | (1 250 698) | 8 581 973 |
| Electricity | 3 640 429 | 749 480 | 4 389 909 | 4 347 480 | (42 429) | 4 019 936 |
| Water | 3 656 192 | (145 220) | 3 510 972 | 2 303 224 | (1 207 748) | 337 974 |
| Waste water management | 877 192 | 702 318 | 1 579 510 | 1 579 165 | (346) | 3 974 070 |
| Waste management | - | 64 400 | 64 400 | 64 225 | (175) | 249 993 |
| Total Capital Expenditure - Standard | 24 631 925 | 3 532 690 | 28 164 615 | 24 279 633 | (3 884 982) | 21 585 204 |

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX F (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

CAPITAL EXPENDITURE

| | ORIGINAL BUDGET 2017 R | BUDGET ADJUSTMENTS 2017 R | FINAL BUDGET 2017 R | ACTUAL OUTCOME 2017 R | BUDGET VARIANCE 2017 R | RESTATED OUTCOME 2016 R |
|----------------------------------------------|---------------------------------|------------------------------------|------------------------------|--------------------------------|---------------------------------|----------------------------------|
| CAPITAL EXPENDITURE (FUNDING SOURCES) | | | | | | |
| National Government | 10 475 610 | (16 819) | 10 458 791 | 10 279 769 | (179 022) | 12 474 796 |
| Provincial Government | 1 455 450 | (14 800) | 1 440 650 | 535 920 | (904 730) | 721 935 |
| Transfers recognised - capital | 11 931 060 | (31 619) | 11 899 441 | 10 815 689 | (1 083 752) | 13 196 731 |
| Public contributions & donations | - | 906 160 | 906 160 | 884 575 | (21 585) | 1 119 022 |
| Borrowing | 3 750 000 | 74 170 | 3 824 170 | 2 620 035 | (1 204 135) | 2 573 190 |
| Internally generated funds | 8 950 865 | 2 583 979 | 11 534 844 | 9 959 334 | (1 575 510) | 4 696 261 |
| Total Capital Funding | 24 631 925 | 3 532 690 | 28 164 615 | 24 279 633 | (3 884 982) | 21 585 204 |

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX F (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

CASH FLOWS

| | ORIGINAL BUDGET 2017 R | BUDGET ADJUSTMENTS 2017 R | FINAL BUDGET 2017 R | ACTUAL OUTCOME 2017 R | BUDGET VARIANCE 2017 R | RESTATED OUTCOME 2016 R |
|------------------------------------------------|---------------------------------|------------------------------------|------------------------------|--------------------------------|---------------------------------|----------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | |
| Receipts | | | | | | |
| Property rates, penalties & collection charges | 53 082 289 | 367 382 | 53 449 671 | 52 601 208 | (848 463) | 48 573 465 |
| Service charges | 134 691 058 | 374 733 | 135 065 791 | 134 653 593 | (412 198) | 120 075 610 |
| Other revenue | 16 010 428 | 11 575 583 | 27 586 011 | 10 807 776 | (16 778 235) | 2 971 078 |
| Government - operating | 60 024 936 | (7 387 437) | 52 637 499 | 33 905 429 | (18 732 070) | 36 734 956 |
| Government - capital | 11 931 064 | (31 623) | 11 899 441 | 11 515 689 | (383 752) | 13 024 692 |
| Interest | 2 750 038 | 824 567 | 3 574 605 | 3 694 511 | 119 906 | 3 075 618 |
| Payments | | | | | | |
| Suppliers and employees | (264 144 878) | 17 757 592 | (246 387 286) | (211 524 114) | 34 863 171 | (213 199 157) |
| Finance charges | (503 700) | - | (503 700) | (353 392) | 150 308 | (140 796) |
| Transfers and Grants | (1 783 110) | 330 110 | (1 453 000) | (1 464 986) | (11 986) | (1 491 350) |
| NET CASH FROM OPERATING ACTIVITIES | 12 058 124 | 23 810 908 | 35 869 032 | 33 835 715 | (2 033 318) | 9 624 114 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Receipts | | | | | | |
| Proceeds on disposal of Assets | - | - | - | 20 000 | 20 000 | 4 623 333 |
| Decrease other non-current receivables | 4 439 | 22 768 | 27 208 | 27 098 | (110) | 28 751 |
| Payments | | | | | | |
| Capital assets | (24 631 925) | (3 532 690) | (28 164 615) | (23 510 834) | 4 653 781 | (20 756 300) |
| NET CASH USED IN INVESTING ACTIVITIES | (24 627 486) | (3 509 922) | (28 137 407) | (23 463 736) | 4 673 671 | (16 104 215) |

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX F (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

CASH FLOWS

| | ORIGINAL BUDGET 2017 R | BUDGET ADJUSTMENTS 2017 R | FINAL BUDGET 2017 R | ACTUAL OUTCOME 2017 R | BUDGET VARIANCE 2017 R | RESTATED OUTCOME 2016 R |
|----------------------------------------------|---------------------------------|------------------------------------|------------------------------|--------------------------------|---------------------------------|----------------------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | |
| Receipts | | | | | | |
| Borrowing long term/refinancing | 3 750 000 | 74 170 | 3 824 170 | 220 035 | (3 604 135) | 2 428 390 |
| Increase (decrease) in consumer deposits | 249 146 | (68 782) | 180 364 | 282 667 | 102 303 | 163 236 |
| Payments | | | | | | |
| Repayment of borrowing | (622 667) | (816 810) | (1 439 477) | (897 009) | 542 468 | (561 819) |
| NET CASH FROM FINANCING ACTIVITIES | 3 376 479 | (811 422) | 2 565 056 | (394 307) | (2 959 364) | 2 029 807 |
| NET INCREASE/ (DECREASE) IN CASH HELD | (9 192 883) | 19 489 564 | 10 296 681 | 9 977 672 | (319 010) | (4 450 295) |
| Cash/cash equivalents at the year begin: | 19 290 914 | (4 907 116) | 14 383 798 | 14 383 798 | - | 18 834 093 |
| Cash/cash equivalents at the year end: | 10 098 032 | 14 582 447 | 24 680 479 | 24 361 469 | (319 010) | 14 383 798 |
| NET INCREASE/ (DECREASE) IN CASH HELD | (9 192 883) | 19 489 564 | 10 296 681 | 9 977 672 | (319 010) | (4 450 295) |